

TRANSCRIPT
of
Joint Public Meeting of the
STATE OF CALIFORNIA



CALIFORNIA
ENERGY
COMMISSION



CALIFORNIA CONSUMER POWER
AND CONSERVATION
FINANCING AUTHORITY



CALIFORNIA
PUBLIC UTILITIES
COMMISSION

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1 SAN FRANCISCO, CALIFORNIA, JUNE 7, 2002 - 9:40 A.M.

2 * * * * *

3 DIRECTOR MC PEAK: Good morning, ladies and
4 gentlemen.

5 I am Sunne McPeak, the vice-chairman of the
6 California Power Authority, and on behalf of
7 Chairman Freeman and our board of directors, including
8 Director Stevens, who also could not be here today, we want
9 to express our appreciation to our colleagues on the
10 California Public Utilities Commission and the California
11 Energy Commission for the opportunity to meet together.

12 And we also want to extend our appreciation to
13 all of you for having taken the time to join us here today.
14 This is a very special opportunity for the California Power
15 Authority to seek the advice and wisdom of our colleagues in
16 the energy field who serve on our sister agencies.

17 This is also, we think, a rather historical
18 meeting, not the least of which is never have so many people
19 actually tried to sit here on this dais.

20 (Laughter)

21 DIRECTOR MC PEAK: But we think that the proximity
22 might read a little bit of familiarity that could only be
23 good for public policy in California, so we will be juggling
24 maybe even position and trying to make it work physically.
25 But the good news is that we're all sitting here together.

26 As a matter of just the proceedings, if any of
27 you do want to speak and have not yet signed up, please do
28 so. There are forms outside when you came in. If you want

1 to receive a summary of the proceedings, I'm told by
2 Barbara Hale that you should please fill out this form. It
3 looks something like this, different from the speakers'
4 form.

5 If you also want to be on a mailing list for any
6 additional products or communications that may result from
7 collaborative work among the agencies, there's also a
8 sign-up sheet, and Harriett Burt has told me that she's in
9 charge of that outside.

10 We're all going to take just a few minutes, each
11 of the agencies, to make some preliminary remarks, and then,
12 as you will see on the agenda, each of the segments is
13 presided over by one of the agencies, and at the end of that
14 segment, there is an opportunity for the members of each of
15 the agencies to also comment.

16 I'm sharing that with you to try to make sure
17 we're on the same page and to also say we're going to try to
18 be brief initially.

19 As you all are well aware -- many of you are
20 familiar faces in the proceedings of the California Power
21 Authority -- our agency was established last year. We also
22 were appointed and began meeting at the end of August. And
23 we have responded to provide an Energy Resource Investment
24 Plan for the State of California to delineate what is an
25 adequate supply and adequate reserve for the state.

26 Our staff is here, including our Executive
27 Officer, Laura Doll and Jeanne Clinton. We very much, in
28 our initial iteration of the Energy Resource Investment

1 Plan, had an emphasis on conservation and load management
2 and also have been engaged in looking at distributed
3 generation, three of the topics that are the focus of this
4 informational discussion today.

5 We are not gathering to make decisions, but in
6 our search for looking at what is going to be the best
7 policy to recommend to the Governor and the Legislature from
8 the CPA, we wanted very much to have the opportunity to seek
9 the information, the advice, the data, the analysis and the
10 policy wisdom of our colleagues with the PUC and the
11 Commission.

12 We have, of course, used the data from the Energy
13 Commission, the reports from the PUC, but that's not the
14 same thing as having the opportunity to sit and discuss. So
15 we appreciate very much the time that you're taking to do
16 this.

17 We hope that this will set in motion as much
18 collaboration among us and to reinforce what our staffs have
19 already engaged in doing. We think that it would be to the
20 benefit of the State of California, as I know you do too, if
21 we all could be on the same page with helping initiate and
22 promulgate energy policy that carries us through the 21st
23 century.

24 And from the point of view of the California
25 Power Authority, we want to make sure that if there's
26 something we're saying, doing, recommending that you
27 disagree with or that you think we could do better, that we
28 hear it directly so that we can have the benefit of all of

1 your knowledge.

2 With that, I would like to go to our colleague
3 who chairs the California Energy Commission, William Keese.

4 COMMISSIONER KEESE: Thank you, Sunne.

5 STATEMENT OF COMMISSIONER KEESE

6 COMMISSIONER KEESE: On behalf of the Energy
7 Commission, we're thrilled to be here.

8 I will point out as we start that we're here for
9 a discussion of energy efficiency, distributed generation
10 and demand management programs available in California in
11 the year 2002.

12 With that, I'll start with my real brief
13 introduction here of my fellow commissioners here in a new
14 setting: Art Rosenfeld, world expert in energy efficiency
15 and businesses; Robert Pernell, a labor leader and formerly
16 chairman of the SMUD board; and Jim Boyd, long-time
17 administrator of the air resources board.

18 I think our goal in doing this, we were thrilled
19 that David Freeman decided that he'd like to have such a
20 meeting to figure out how to coordinate these different
21 bodies' efforts in areas in which they coincide, and energy
22 efficiency is clearly one of these. I guess our overall
23 goal is to see that we have programs that align because
24 we're all trying to serve the people of the State of
25 California.

26 At the Energy Commission, we have a portfolio
27 program. We help builders, manufacturers and the general
28 public improve energy efficiency.

1 We had a major effort more in the recent years to
2 reduce peak electricity demand to secure our system and to
3 reduce energy costs in residential, commercial and public
4 buildings.

5 Our efficiency efforts began in the 1970s.
6 Actually we just celebrated our 25th anniversary last year
7 at the commission, and we've been pretty much involved in
8 energy efficiency right from the beginning.

9 Our first challenge was to set standards for
10 buildings and appliances and then administer programs in
11 those areas. We've been very successful, we believe, in
12 adopting the toughest building standards in the country and
13 not only the toughest, but we believe the best. We
14 pioneered energy efficiency of appliances, and most of those
15 have now been adopted by the Federal Government.

16 We believe that there are many areas in which we
17 can move forward in that on the appliances and perhaps move
18 forward advance of where the Federal Government chooses to
19 move at this time. We had an R&D program that funds
20 research in both of these areas. So on our behalf it's a
21 coordinated effort.

22 Clearly, you're all aware that the
23 Public Utilities Commission has programs in similar areas,
24 and the Power Authority is looking at programs in similar
25 areas. So I think this is a great place to start our first
26 meeting and to look at issues that all three of our bodies
27 clearly have a great interest in.

28 I will at this moment turn over to Carl Wood.

1 STATEMENT OF COMMISSIONER WOOD

2 COMMISSIONER WOOD: Good morning.

3 President Lynch was planning to be here and to
4 greet you today, and then we received word late yesterday
5 that our budget was coming up before a committee in
6 Sacramento this morning, and the budgets take priority over
7 everything else in a state bureaucracy, so that's where she
8 is this morning.

9 The benefit to you is I didn't have much time to
10 prepare any remarks, so I'll be very brief. I had the
11 either good fortune or misfortune to be the
12 Assigned Commissioner on our interruptible rulemaking which
13 seemed to go on endlessly in the midst of this terrible
14 energy crisis that we have experienced and that we haven't
15 yet really fully emerged from; although, it doesn't seem to
16 be as acute as it was last year at this time.

17 What was obvious to me in the course of presiding
18 over that proceeding is just how complex and interrelated
19 all of the pieces of not only energy conservation but demand
20 management, demand response, all of those things were and
21 how much interaction there was between programs of different
22 state agencies, particularly programs that involve the
23 Energy Commission and the PUC.

24 The processes of each state agency that's
25 represented here today are very different because they're
26 different types of agencies. They have different charges
27 and responsibilities.

28 We tend to be very formal. We tend to be very

1 oriented towards process and respecting the rights of
2 parties, and that's good in a lot of ways. It provides due
3 process for everyone. But it also tends to narrow our focus
4 frequently, and what we hear in the course of our
5 proceedings is typically very narrowly focused on the
6 precise matter that's under consideration at that time with
7 parties jockeying for tactical advantage, and sometimes it's
8 very difficult to step back and get a broader picture.

9 I really look forward to today's session as being
10 an opportunity to gauge how all of the activities in the
11 jurisdictions of these three state agencies feed into the
12 solution of these common problems.

13 So with that -- I promised you a short
14 introduction -- I won't go on anymore. Perhaps I should
15 just introduce my colleagues.

16 The two persons over to my right are
17 Geoffrey Brown -- Henry Duque is to my immediate right, and
18 Mike Peevey is to my left, and I think that I can speak for
19 everyone in saying that we are very enthusiastically looking
20 forward to this session.

21 Thank you.

22 DIRECTOR MC PEAK: Mr. Chairman, may I also, since I
23 was remiss, introduce the colleagues who are here from the
24 Power Authority:

25 Director Vial, and also, from the treasurer's
26 office, Barbara Lloyd.

27 COMMISSIONER KEESE: Thank you.

28 And we will start the first part of our program.

1 I'm going to read for the second time for the members of the
2 public who are going to be commenting later that we're
3 really jointly participating in energy efficiency,
4 distributed generation and demand management programs
5 available to Californians in 2002.

6 By that, we mean current programs and those that
7 we can put on in 2002, and I'm going to ask that we try to
8 retain that focus.

9 We understand that there are places we can be in
10 five years, there are places we can be in ten years, but
11 what we'd like to focus on is where we can be in 2002.

12 With that, we'll start with the first of five-
13 minute presentations, and I will turn it over to Mr. Larson
14 of the Energy Commission for the opening.

15 STATEMENT OF MR. LARSON

16 MR. LARSON: Thank you, Mr. Chairman. Thank you
17 Commissioners, both of the CEC and the PUC, and also
18 members/directors of the CPA.

19 It's good to see you all again and to move along
20 very quickly here since we only have a very limited amount
21 of time.

22 I want to introduce our Scott Matthews.

23 STATEMENT OF MR. MATTHEWS

24 MR. MATTHEWS: Good morning. I'm going to cover some
25 of the Energy Commission's residential sector programs.
26 Time doesn't allow us to get into much detail on all of
27 them. Basically I'm going to talk about building standards,
28 appliance standards, retrofit standards.

1 As Chairman Keese mentioned, we've been doing
2 building standards for some time. We've led the nation in
3 development of those standards. California homes built
4 today are at least 75-percent more efficient than homes that
5 were built in 1975.

6 AB 970 required us to update those standards in
7 119 days. Part of the reason we were able to do that was
8 the support that we had gotten from the PUC giving funding
9 to the utilities to provide technical information. Those
10 standards will be saving 200 megawatts per year which
11 accumulates, so the second year is 400 megawatts, et cetera.

12 It turns out we're now working on the 2005
13 standards. We will be looking at time-differentiated
14 valuation, giving more credit for energy efficiency measures
15 that save on peak. We also do a lot of work to ensure that
16 the standards are complied with: manuals, computer programs,
17 newsletters and a major DOE-funded building department and
18 builders' training program.

19 On the appliance-standards side, we adopted the
20 first set of appliance standards for all the refrigerators,
21 freezers, central air-conditioners, et cetera.]
22 Those were all ultimately adopted as nationwide standards by
23 the DOE.

24 This year we updated those standards, and
25 included such things as tertiaries, LED traffic signals,
26 emergency lighting, commercial clothes washers, and most
27 importantly, central air conditioning, but we adopted a
28 California-based standard, which includes an EER. The

1 national standards work great in places like Houston and
2 Washington, D.C., but not in hot, dry climates like
3 California.

4 We will have to go for a federal preemption,
5 especially now that the Bush administration has adopted
6 12 SEER 11.3 EER.

7 We're undertaking, as a result of A.B. 549, a
8 study on existing buildings. Obviously, existing buildings
9 are a greater portion of the stock and have a lot more to go.
10 It's very -- more difficult to get into improving their
11 efficiency. We'll be looking at everything from information
12 to potential standards.

13 We are doing a demand-responsive pilot, both in
14 Sacramento, Walnut Creek area, 300 to 500 houses, looking at
15 issues about how consumers will react to time differential
16 on prices, load control systems, better information, that
17 kind of thing.

18 On the photovoltaics renewable side, we have one
19 piece of public goods charge funding that comes from the
20 Energy Commission renewables. We put in PVs, small wind
21 turbines. We offered \$4,500 per kilowatt or 50 percent of
22 the system price, whichever is less. We have about 2,600
23 residential and small-commercial size systems installed,
24 resulting in about 9 megawatts.

25 As part of the peak reduction of last summer, we
26 instituted a very large consumer research project to try to
27 find out why people were reducing the amount of energy they
28 reduced last year, which was unprecedented. We were looking

1 at issues like: Was 20/20 more important than what they saw
2 from the media? Was it more important that they got the
3 consumer rebates or that they -- or that they wanted to do
4 something for the community?

5 Turns out one of the big surprises is even though
6 we tried to encourage everyone that they should change the
7 thermostat to 78 degrees, what they did is they turned their
8 air conditioners off. One of the major motivators turned
9 out to be to reduce the out-of-state generators from making
10 lot of money. About 30 percent of the people said consumer
11 utility rebates were important to them, and they took
12 advantage of the rebates. Even though that's a lower
13 percentage than other motivations, it's still a tremendous
14 number of rebates, as you probably are all aware.

15 COMMISSIONER KEESE: Thank you, Mr. Matthews. That
16 was exactly a five-minute presentation.

17 MR. MATTHEWS: We try to be precise.

18 COMMISSIONER KEESE: You're wonderful.

19 On behalf of the Power Authority, Laura Doll.

20 MS. DOLL: Yes. Thank you.

21 COMMISSIONER KEESE: Let me say for everyone here,
22 this is being audio-ed, so we would like to have you give
23 your name. So if you switch, please let people on the air
24 know who you are every time you take the microphone. Thank
25 you.

26 STATEMENT OF MS. DOLL

27 MS. DOLL: I'm Laura Doll, with the Power Authority.
28 Thank you. Thanks to all of you.

1 As Vice-Chairman McPeak said, we're a new agency,
2 kind of new kids here, the consumer power and conservation
3 financing authority. So in a word, I think you can think of
4 us as the bank, potentially, for some of the programs and
5 concepts that the CEC has talked about, and the PUC as well.

6 We have three financing roles that we see for
7 ourselves. And the first might be direct financing through
8 revenue bonds. We also anticipate a broker -- transaction
9 broker role and, in some cases, a bulk procurement role.

10 To focus on residential programs -- and I can
11 be -- Scott can talk fast, but I can be briefer, because we
12 haven't done nearly as much. And our focus, to be frank,
13 has not been as much initially residential programs, because
14 we've been focused on reserves, and especially potential
15 reserves for this summer, but we do have -- and
16 Jeanne Clinton is here, and will answer questions, but we
17 have a number of financing programs that we are attempting
18 to put into place.

19 The first is for solar photovoltaic turnkey
20 installations for residential installations.

21 And the next is appliance, HVAC, air
22 conditioning, and efficiency improvements. We'd like to
23 finance Energy Star appliances. The PUC programs give
24 rebates to consumers, and incentives to distributors and
25 manufacturers. And we think that a complementary role is to
26 provide financing for those appliances.

27 Two other programs that have other agency
28 leads -- and I think this demonstrates the complementary

1 nature of these agencies -- the CEC emerging renewable
2 buy-down program is something that -- again, we think we can
3 offer financing support for new on-site emerging generation
4 technologies.

5 And the PUC-lead program for distributed
6 generation incentives is another one that we expect will
7 benefit from low-cost financing that will help with
8 larger-scale purchases.

9 So with that, I will yield the rest of my time.

10 COMMISSIONER KEESE: Thank you very much.

11 Barbara Hale --

12 MS. HALE: Yes. Thank you.

13 COMMISSIONER KEESE: -- on behalf of the CPUC.

14 STATEMENT OF MS. HALE

15 MS. HALE: My name is Barbara Hale, and I'm director
16 of strategic planning at the California Public Utilities
17 Commission.

18 I just wanted to give a brief overview of the
19 energy-efficiency, conservation, demand-responsiveness
20 programs, and self-gen programs available sort of broadly,
21 and then also particularly for residential.

22 The Public Utilities Commission funds programs
23 that the investor-owned utilities, in their role as the
24 direct customer interface, largely manage.

25 We have seen 7 to 10 percent less energy usage in
26 2001 compared to 2000 as a result of Public Utilities
27 Commission programs. We saved, as of the end of 2001,
28 1,827 gigawatt-hours of energy from the programs the PUC

1 funded. 452 megawatts of peak demand was trimmed, making
2 180 million in new power generation for peak demand
3 unnecessary in California. Of course, that has the added
4 benefit of not just saving energy, but having environmental
5 positives, too.

6 Thirty-eight percent of the funds the Public
7 Utilities Commission expended were spent on
8 residential-sector programs. Among the criteria that the
9 Commission uses in allocating those funds is the program
10 leverages funding from other programs; perhaps the CEC or
11 Power Authority funding or federal funding. So we're --
12 among our criteria is trying to make sure that we're getting
13 the extra bang for the buck that comes from recognizing that
14 there are opportunities for coordination and leveraging
15 among the agencies in their roles.

16 The particular residential programs we offered
17 resulted in approximately 710 gigawatt-hours of savings in
18 2001, and came at a cost of approximately 317 million.
19 These are programs that retrofit or renovate existing
20 structures that provide lighting and appliance rebates.

21 Scott had referred to those
22 "super-energy-efficient appliances" that Californians are
23 going to see available to them through Energy-Star labeled
24 appliances, and are under the stronger efficiency
25 requirements that the Energy Commission requires.

26 The investor-owned utilities have rebate
27 programs, so that we're giving residential customers that
28 extra incentive when they change out the washing machine

1 that just gave up the ghost to make it an Energy-Star-
2 labeled, more efficient appliance in their home.

3 We also have incentives for residential new
4 construction, and for heating, ventilation, and air
5 conditioning.

6 In terms of demand-responsiveness programs for
7 the residential sector, we have in Edison's service
8 territory an air-conditioning cycling program available to
9 residential customers, where the control of the air
10 conditioning is meshed to shed load on peak. And customers
11 see that as a credit on their bills.

12 That pretty much does the overview on the
13 PUC-administered programs that are available to residential
14 customers.

15 You'll see a lot of public outreach associated
16 with the programs that are available to customers through
17 multimedia. And you've also seen a lot of the appliance
18 manufacturers in California and retailers -- excuse me -- in
19 California, leveraging the rebates available in their
20 marketing. Through Lowes, Home Depot, you're seeing ads on
21 television that try to take advantage of the State-funded
22 programs. So we -- you have a role in that as well.

23 Thank you.

24 COMMISSIONER KEESE: Thank you, Barbara.

25 We're again, as is pretty clear from the
26 presentations, talking about the first of our three sectors:
27 residential sector programs.

28 We're going to start now with public comment.

1 And there are two areas in which you can get stars, four
2 stars; one is for sticking with the time, and the other is
3 for sticking with the content of the program. We've got a
4 timekeeper off to the right here who'll let you know when
5 your two minutes is up. And we'd appreciate it if you could
6 close it off promptly at that point.

7 Scott Cauchois, of the office of Ratepayer
8 Advocates, will lead us off.

9 STATEMENT OF MR. CAUCHOIS

10 MR. CAUCHOIS: Okay. Don't start my two minutes yet.

11 Thank you very much. I'm Scott Cauchois, senior
12 manager in the Office of Ratepayer Advocates.

13 And we did submit some written comments which
14 were handed out. And I think we distributed some by e-mail
15 last night.

16 And I really wanted to kind of wrap up, but I'm
17 going to try to speed through in two minutes. First of all,
18 I wanted to congratulate the PUC for voting out the metering
19 and pricing LIR. I think that's a really positive step, and
20 I'm going to address it when I talk about demand-management
21 programs.

22 And secondly of all, I'd like to comment on the
23 public process here. We've heard a lot about the agencies
24 working together, and this is the first time this is
25 happening in public. And I think it's a really positive
26 step. And we'd like to see more of it in the future,
27 including the consideration, in areas that overlap among
28 agencies, the use of such things as joint workshops and even

1 joint proceedings. That's a dirty word to some people, but
2 they have been used in the past in California, and I think
3 they can be productive.

4 To get to some specifics in our comments, I'd
5 like to start with demand-management programs, our version
6 of traditional load-management programs.

7 By our last count, there are around 39 programs
8 spread among up to four to five State agencies. California
9 ratepayers are spending an enormous amount of money on
10 these, and it's not at all obvious to us that these have
11 been either designed or operated with much more than a
12 minimum of coordination. Our hope in the new OIR, actually,
13 as we go forward, is that by introducing advanced metering
14 for more customers, and beginning to examine such things as
15 real-time pricing and other forms of dynamic pricing, that
16 we can move to the point where we may be able to obviate
17 many of the 39 programs, and produce more energy-efficient
18 decisions in California.

19 On energy-efficiency programs, these are what we
20 would consider to be the real backstop of State policy for
21 the last 25 years: the rebate and investments in
22 energy-efficiency equipment. And we would like to see a
23 return to some rigorous standard practices in terms of
24 looking at program cost effectiveness, and measurement and
25 verification of programs on an ex-post basis.

26 And how this happens among agencies is not
27 something I have time to go into right here, but we've got
28 some ideas.

1 And I want to focus for a second on
2 self-generation. It's part of distributed generation, but
3 now official State policy is embodied through a number of
4 things the Power Authority is doing, the PUC's own plan.
5 The CEC has a strategic plan.

6 We all know that utilities are looking for
7 capacity in the next few years. And we know that
8 self-generation can provide a system benefit in California,
9 but there are hurdles that are, you know, facing us. There
10 is still work to be done on standby charges, interconnection
11 fees. And now we're facing the prospect of having to
12 determine exit fees. And then there's the ambiguities
13 around the price that someone who self-generates actually
14 receives for power supplied to the grid.]

15 I have Don Schultz of our staff with me today who
16 has been in this business for 25 years as well, and we'll be
17 happy to be around to answer questions.

18 Thank you very much.

19 COMMISSIONER KEESE: Thank you.

20 Marcel Hawiger, TURN?

21 STATEMENT OF MR. HAWIGER

22 MR. HAWIGER: Good morning, esteemed Commissioners.

23 This is the most august group of Commissioners I
24 have ever spoken before, and I'm honored; and thank you very
25 much for the time.

26 I would like to talk this morning right now about
27 residential air-conditioning; and I have some additional
28 comments on load management that I guess I'll make in the

1 nonresidential time.

2 TURN has participated in the Commission
3 proceedings regarding energy efficiency, and we've tried to
4 focus on the residential air-conditioning because
5 air-conditioning load certainly makes up, from the
6 residential side, about 14 percent of peak load.

7 In 2001 conservation efforts were very
8 successful.

9 The programs -- rebate programs were touted
10 primarily because of the large increase in rebates offered
11 for appliances such as refrigerators, and those numbers,
12 indeed, went up substantially. There were about 100,000
13 refrigerator rebates in the PG&E service territory.

14 At the same time, in 2001, PG&E gave out a total
15 of about 400 rebates for central and room air-conditioners.
16 400.

17 Edison gave out about 2500, give or take a couple
18 hundred -- I don't remember the exact number -- rebates for
19 air- -- residential room or central air-conditioners.

20 The market for new and retrofit residential
21 central air-conditioning units is about 400,000 a year.

22 We are nowhere near even reaching the minimum
23 level of affecting the market for new or replacement
24 air-conditioning on the residential sector.

25 TURN has worked with PG&E to try to improve their
26 rebate program by graduating their rebates, making them
27 larger, doing things that would make the payback time
28 shorter.

1 PG&E has made some steps in that direction.

2 We don't yet have the data to know what happened
3 in 2001 to analyze why the response was different in the
4 south versus the north and why it's so low overall
5 statewide.

6 Obviously, as I think Mr. Matthews mentioned, the
7 best solution is to have better standards to have implement
8 to -- and we support the federal preemption; however -- and
9 I'll just conclude -- in lieu of that, we still need to
10 reach the retrofit market, and to do that we need some
11 better focus on residential air-conditioning programs. And
12 I'll talk about AC cycling -- air-conditioner cycling in the
13 load management section since my time is up.

14 Thank you very much.

15 I'll be glad to answer questions, if you have
16 any.

17 COMMISSIONER KEESE: I think we're going to forgo the
18 questions.

19 MR. HAWIGER: Okay. Thank you for your time.

20 COMMISSIONER KEESE: Thank you.

21 Just to let you know, it will be Mr. McAllister,
22 then Mr. Haberkern, and then Mr. Douglas.

23 Can we have Mr. McAllister, Frank McAllister.

24 STATEMENT OF MR. MC ALLISTER

25 MR. MC ALLISTER: Good morning, and thank you for
26 this very unusual situation and forum. I appreciate the
27 opportunity to address so many organizations at the same
28 time.

1 My name is Craig McAllister. I am the Managing
2 Director of and CEO of a small California company called
3 Local Information Network.

4 I was formerly the General Manager at EPRI,
5 responsible for telecommunication-based residential and
6 commercial energy-technology deployment, so I'm -- and, as
7 an aside or anecdote to that, I am certainly more than
8 familiar with the inertia of programs and the administration
9 of them, so I'm very sympathetic of the conditions you all
10 have to manage.

11 I really only have one question to pose and to
12 share with you as an observation and a thought, and a
13 suggestion perhaps that, if you have the opportunity, I
14 strongly encourage you to just reflect on your
15 organization's behavior and posture towards stimulation of
16 new business and economic development here in California.
17 You have an enormous opportunity to do that and, in
18 addition, to manage the energy program on the supply and
19 demand management.

20 My question is simply this: Why is it that the
21 California programs, as vast and as profound as they may be,
22 and certainly stimulating for novel technologies, seem to --
23 and particularly their -- their specifications for the
24 deliverables -- address and subsidize and sponsor
25 competitive, let me say, solution providers looking at
26 enterprise-level problems.

27 The legacy situation in California, particularly
28 the residential legacy situation, is not really properly

1 addressed.

2 Most people simply just don't understand the kind
3 of programs that you all and we are familiar with producing.

4 Why is that? And why -- what can we do to change
5 that cycle?

6 Are we trapped in a racetrack, a very expensive
7 racetrack that doesn't adjust these objectives?

8 We certainly think that there are ways to address
9 it.

10 The means are available, technologies are more
11 than ample and available that are not necessarily requiring
12 the newest and most exotic and maybe the more easily
13 publicized.

14 If each of you want to help, as Scott certainly
15 has demonstrated, it is -- there is a huge voluntary, an
16 untapped resource, just in the residential consumer himself.

17 Thank you for the opportunity to address that;
18 and I'd be happy to respond to an interest in that issue.

19 Thank you.

20 COMMISSIONER KEESE: Thank you, Mr. McAllister.

21 Mr. Haberkern? Ernest Haberkern?

22 (No response)

23 COMMISSIONER KEESE: Mr. Bruce Douglas?

24 STATEMENT OF MR. DOUGLAS

25 MR. DOUGLAS: Good morning, and thank you for the
26 opportunity to speak.

27 My name is Bruce Douglas.

28 I'm an educator, a mechanical engineer,

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1 instructing in community college, Meritt College, Oakland;
2 did two semesters recently of a course on energy and energy
3 efficiency and solar energy.

4 We purchased a residential solar PV system and
5 installed it on our environmental center at the Meritt
6 College campus.

7 We are -- I am strongly advocating the
8 legislation at hand to -- or opposing having exit fees; and
9 also strongly I want to continue the assistance programs for
10 residential consumers to install PV.

11 I was reading the report and had a question about
12 spending \$300 per peak kW for peak demand reduction when
13 solar PV systems installed cost currently seem to be \$13 to
14 \$15 per kilowatt, which seems like it's an aggressive
15 program of the state actually funding residential consumers
16 to have PV installed at -- you know, as an infrastructure
17 cost borne by the state would be strongly recommended.

18 We're also -- there's a solar conference in Reno
19 in two weeks, and we'll be having a panel discussion on
20 strategies to increase the purchases of PV to reach a price
21 point at which it's an economic default decision as a method
22 for peak load reduction and adding capacity to the state.

23 Thank you very much.

24 COMMISSIONER KEESE: Thank you.

25 Mr. Byron?

26 MR. BYRON: Commissioner, I had put down for the next
27 session, I believe.

28 I'll be glad to remark now, if you wish.

1 COMMISSIONER KEESE: Yes, you are absolutely correct.

2 MR. BYRON: Thank you.

3 COMMISSIONER KEESE: I didn't get to that part of the
4 form.

5 I'm going to give Mr. Haberkern one more chance?

6 MR. HABERKERN: Here we are.

7 COMMISSIONER KEESE: All right.

8 STATEMENT OF MR. HABERKERN

9 MR. HABERKERN: My name is Ernest Haberkern.

10 I'm a customer generator with a contract with
11 Pacific Gas and Electric Company.

12 I found out about this by accident.

13 I was not notified by either the Commission or
14 the contracting party, PG&E.

15 I found out by accident from the contractor who
16 installed my equipment about a week ago.

17 If that wasn't the worst of my problems, I was
18 shipped over to the nonresidential sector by the people out
19 front.

20 I'm concerned about the propriety of the -- of
21 these proceedings when Interested Parties are not notified.

22 I still have not --

23 COMMISSIONER KEESE: Let me make it very clear, we
24 are not conducting any business here: We are not taking any
25 votes, we are not -- none of these --

26 MR. HABERKERN: At some time you are going to take a
27 vote; isn't that so?

28 COMMISSIONER KEESE: None of these entities are going

1 to vote on anything.

2 This is an informational hearing on behalf of all
3 three of us.

4 We're happy to hear anything you have to say, but
5 if you're concerned that we're going to do something --

6 MR. HABERKERN: No, I'm not -- as a matter of fact,
7 I'm not concerned you're going to do something; what I'm
8 concerned with is --

9 (Laughter)

10 MR. HABERKERN: -- that people are not notified of
11 what's going on; that is to say, you have an open hearing
12 and yet on a -- on a matter that is being considered and
13 will be acted on at some point in the future, I presume, and
14 yet Interested Parties are asked to comment without even
15 having the courtesy of the proposed motion in front of them.

16 COMMISSIONER KEESE: Well, this is, obviously, the
17 first of what we hope is a series, and we did communicate to
18 all our managements that the commissions had.

19 This is the best we can do. It's new, it's
20 different, and it falls out of line.

21 But I'm -- we're getting into your two minutes,
22 so --

23 MR. HABERKERN: Well --

24 COMMISSIONER KEESE: -- we'll give you another minute
25 and a half.

26 MR. HABERKERN: Well, best that you didn't interrupt
27 me. And --

28 (Laughter)

1 MR. HABERKERN: -- I still think that if these -- any
2 action's going to be taken at any time in the future, then
3 people -- Interest Parties should have at least proper
4 notification and specifically the language that is being
5 offered here. How else can we intelligently participate.

6 Thank you.

7 COMMISSIONER BROWN: You know, sir, you might talk to
8 the Public Advisor at the back of the room, Ms. Burt. She'd
9 be delighted to hear your remarks, and maybe we can deal
10 with what you have. Okay?

11 COMMISSIONER KEESE: Mr. J.P. Ross?

12 STATEMENT OF MR. ROSS

13 MR. ROSS: I'm not quite sure how to follow that
14 comment, but my name is J.P. Ross, and I'm with Greenpeace,
15 the Clean Energy Now campaign, and I would like to pose a
16 question or a comment that I believe is cross-cutting to all
17 three of the agencies represented here, which is the
18 possibility of bringing photovoltaics into the 2005 Title 24
19 standards that are being looked at right now.

20 I think that from the financing capacity of the
21 CPA, the rate-paying capacity of the PUC, as well as the
22 energy-efficiency standards looked at by the California
23 Energy Commission, the possibility of bringing photovoltaics
24 into Title 24 as a residential energy-efficiency measure as
25 well as a peak load-reduction measure should be seriously
26 looked at, and I'd like to pose that.

27 Thank you very much.

28 COMMISSIONER KEESE: Thank you.

1 And I would trust that that would come up in the
2 member comments which are going to start after we hear from
3 Rita Norton.

4 Thank you.

5 Rita Norton, our last speaker.

6 STATEMENT OF MS. NORTON

7 MS. NORTON: Good morning.

8 I just -- real briefly, I -- as you heard and
9 reviewed this morning, we have many different energy-
10 efficiency programs available to the public in the
11 State of California run under many different agencies; and
12 we also have the Third-Party Program just recently launched
13 under the Public Utilities Commission.

14 As one of the selected parties on that, what
15 I would like to encourage is that information sharing take
16 place at the very highest level and at the program-
17 development level so that those parties do not have to
18 reinvent wheels as much as possible.

19 We have innovative ideas, but they should build
20 on a best-available-information program design.

21 So what I would like to leave with you is the
22 recommendation for information sharing for programs of any
23 type that have been developed using public funds, be they in
24 the utility sector, the California Energy Commission.

25 We need those avenues for information exchange so
26 that we do not waste valuable program design.

27 Thank you.

28 COMMISSIONER KEESE: Thank you very much.

1 And I'm -- we now have the section of this first
2 hour for residential in which we're going to turn it over to
3 the Commissioners here to make comments.

4 Is there anybody who would like to lead off here?

5 We'll share the 20 minutes. Briefly?

6 STATEMENT OF COMMISSIONER PERNELL

7 COMMISSIONER PERNELL: Mr. Chairman, I'll led off and
8 try to address --

9 COMMISSIONER KEESE: Commissioner Robert Pernell of
10 the Energy Commission.

11 MR. PERNELL: That's correct.

12 I'm trying to address a couple of comments from
13 the audience.

14 First of all, let me say that I am happy to be
15 here; and I want to thank the CPUC for hosting this, and
16 also thank the audience for participating.

17 I understand this is Friday and everybody is
18 pretty busy, but you are here; and because you're here,
19 you're telling me that you're concerned about this.

20 Let me first address one of the comments that has
21 to do with the '05 standards in Title 24 and having a
22 mandate for PV, photovoltaics.

23 One of the -- and we're looking at that issue,
24 but one of the things that comes to my mind is, as a
25 homeowner, this is one of the largest investments that any
26 family will make; and with the cost of PV, it would be
27 difficult for us to mandate that PV be on all new homes
28 because of the additional costs, and we think that that

1 would price some of the perspective homeowners, especially
2 young families, out of the market.

3 We are looking at areas of hard wiring some of
4 the new homes in terms of -- so that if, in the future, a
5 homeowner wanted to do PV, the hard wire would be there and
6 they wouldn't have to go into retrofitting their roofs and
7 et cetera.

8 So we are concerned about that, and we are
9 looking at it.

10 One final comment, Mr. Chairman, in terms of our
11 efficiency programs, one speaker is saying that we should
12 look at cost-effective methods and go there, and then
13 another speaker is saying that we need to do more incentives
14 for PV; so what we're trying to do is kind of balance this
15 and make sure that we are -- we are cost-effective as well
16 as trying to be a conduit for new technologies coming into
17 the market.]

18 But I think it's a little premature to mandate a
19 additional cost on prospective home buyers and existing
20 homeowners as it relates to PVs and Title 24.

21 COMMISSIONER KEESE: Thank you, Commissioner Pernell.

22 Mr. Vial.

23 STATEMENT OF DIRECTOR VIAL

24 DIRECTOR VIAL: As I listen to the presentations, it
25 reminds me how many programs we have and how little
26 coordination there is between them and, of course, one of
27 the reasons why we're here today.

28 Being with the Power Authority for several

1 months, if I've learned anything it's that that money we
2 have isn't going to be useful unless we are able to develop
3 revenue streams with our sister agencies. That is so
4 critical.

5 I think one of the things that is of great
6 interest to me is how we can begin coordinating and working
7 on these residential programs and developing strategies
8 which will use some of the funding that we have in the
9 Power Authority.

10 And I'm encouraged by what I heard this morning,
11 the OIR on advanced meter reading. This is an area that is
12 highly controversial on the residential side but one that
13 needs a great deal of attention. And it's certainly one in
14 which the Power Authority has been putting a lot of focus.
15 And we're very eager to work out ways in which we can
16 develop strategies for using time-of-use or real-time
17 pricing information very effectively, not only for the
18 benefit of consumers, but also to trim those peaks that are
19 so bothersome.

20 COMMISSIONER KEESE: Thank you.

21 COMMISSIONER BOYD: Mr. Chairman.

22 COMMISSIONER KEESE: Mr. Boyd, would you identify
23 yourself.

24 COMMISSIONER BOYD: Jim Boyd, California Energy
25 Commission.

26 STATEMENT OF COMMISSIONER BOYD

27 COMMISSIONER BOYD: Building on what Mr. Vial just
28 said and reflecting on the comments of the last speaker

1 about building on progress, don't reinvent the wheel,
2 information sharing, I think this forum is an example of the
3 fact that we are definitely attempting to do that. And as
4 the newest Energy Commissioner but a long-time state
5 bureaucrat, this is a favorite subject area of mine. And
6 rest assured, I think, the demonstration you see here is
7 just a down payment on an effort to be sure that we don't do
8 that. Not reinventing the wheel is incredibly important in
9 this day and age.

10 I want to step over to something that the
11 gentleman from ORA said, the reference to self-gen being
12 kind of a subset of distributed generation. And I'm sure
13 each of every one of us is interested in all these areas and
14 maybe has an area that we're particularly interested in.

15 That is one I am particularly interested in,
16 because as a member with several other people in this room
17 that I recognize, an original member of the Governor's
18 generation team during the darkest hours of our California
19 situation when we were looking for generation of all ways,
20 shapes and forms, self-generation received quite a priority.

21 In fact, some of us feel like we went out begging
22 for it almost and, particularly, in those industries that
23 were very strategic and important for the California
24 economy. And were there to be a deficiency of electricity
25 if these industries could continue to operate, at least we
26 wouldn't create another problem for ourselves within our
27 economy.

28 And we didn't have a lot of success. We had a

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1 little bit of success. But those who engaged in this faced
2 incredible hurdles, and, as the gentleman indicated, face
3 incredible hurdles at this moment due to a lot of
4 circumstances of bailing ourselves out of the energy crisis.

5 So to me, this is very definitely a priority area
6 that I'm sure we will continue to pursue and one that I just
7 wanted to acknowledge that I recognize as both facing
8 hurdles as so many of the programs that we, frankly, are
9 talking about today and we'll talk about in the future do.

10 Until we --I think we've righted the boat, but
11 until we rebuild what's left of it and set it off in the
12 right direction, we're going to have to deal with solving
13 these hurdles to move any of these programs forward. But
14 this is just one I wanted to acknowledge. I know there are
15 others here who have others who are near and dear to their
16 hearts.

17 COMMISSIONER KEESE: Ms. McPeak.

18 .

19 DIRECTOR MC PEAK: Mr. Chairman, the comments that
20 your Commissioners have just made and Director Vial around
21 issues of cost-effectiveness and trying to also stimulate
22 applications that could become cost-effective -- or at least
23 I'm interpreting that and moving towards one of the issues
24 that we debate and struggle with -- it occurs to us that if
25 there is a push on the building standards and even preparing
26 and anticipating for what might be an application such as
27 the PV and solar application, that could go a long way in
28 filling the future gap.

1 And the chart that is included in the Energy
2 Commission's materials today is one that I seized a long
3 time ago and started using -- because it's so graphic -- to
4 show the impact of residential building standards.

5 But being able to encourage the use of, say,
6 self-generation by looking at the wiring going in preparing
7 for an application in initial construction so there is that
8 option for the future sounds to me like a very wise move and
9 way to go.

10 It also suggests that there might be an
11 encouragement to getting to scale for the market in
12 California. So while we're not talking about renewables
13 strictly today, we're constantly aware of cost-effectiveness
14 that can be improved if we just get to scale on certain
15 technologies.

16 So anyway, I want to really sort of encourage
17 that continued thinking and for you to give us as much of
18 the most recent information as possible about not only 2002,
19 what we should be doing more and more aggressively in 2002,
20 but looking ahead on the Energy Resource Investment Plan:
21 Is there more that we could assign to that future capacity
22 and reserve by advancing conservation programs and building
23 retrofit?

24 COMMISSIONER KEESE: Very excellent point.

25 I will just, on a time-line basis, say that we at
26 the Energy Commission are in the formulative stages of
27 starting the 2005 building standards which has to be done
28 this year in 2002, and that is clearly on our agenda, to

1 look at new homes and see that they can take all the new
2 technologies as they come along.

3 Do we have somebody from the PUC who would care
4 to comment on residential?

5 COMMISSIONER WOOD: I think people will come forward
6 when they're ready to say something.

7 COMMISSIONER KEESE: Commissioner Rosenfeld.

8 STATEMENT OF COMMISSIONER ROSENFELD

9 COMMISSIONER ROSENFELD: I'm going to weave together
10 two comments. One was from Scott Cauchois who said, "This
11 is a great day" because yesterday the PUC voted out five to
12 zero the new OIR order to implement rulemaking on real-time
13 meters and dynamic pricing.

14 I think it's a consensus within the CEC that, in
15 fact, in the 2005 new building standards or perhaps a year
16 later we want to see not only homes wired with
17 photovoltaics, but we want to see in all new buildings
18 real-time meters and demand-response thermostats.

19 So let me say why this is a golden week for
20 starting collaboration between all the agencies that are
21 here, which created the CEC in 1974, gave it load management
22 powers. But, of course, it stated that the PUC has to
23 approve any appropriate tariffs and incentives to make those
24 load management techniques work.

25 And the CPA, on the other hand, has access to
26 capital and loans to install demand-responsive equipment.

27 Okay, with yesterday's good news I will add to
28 that that the Energy Commission has been looking at this

1 pretty hard. We've held three workshops starting in October
2 of 2000. And we've learned quite a lot, and we have an
3 action plan ready to go. And so the idea of some sort of
4 joint proceeding or certainly a proceeding which we hold
5 hands and go ahead fast is very attractive.

6 New buildings, particularly, are a real window of
7 opportunity. We've done a lot of analysis, and let's take a
8 homeowner:

9 It turns out that to add the ability to do demand
10 response to a new home costs very little. An old-fashioned
11 meter which you read once a month costs like 20 bucks, but a
12 newfangled meter with communications costs like 80 bucks.
13 Well, the difference is \$60 more.

14 And we already require clock thermostats, which,
15 if I go to ACE Hardware, it costs me 60 bucks. Well, we
16 talked to the manufacturers, and it turns out that they can
17 put in a modem to listen to a pager signal and respond to a
18 price which the homeowner preprograms on his own volition.
19 And that's like another \$60 or \$80.

20 So it turns out that for somewhere between \$100
21 and \$200, every new building in California, or at least
22 single-phase small buildings, can become demand responsive.

23 Now, I think somebody else in the audience
24 already said 30 percent of all peak-load power is air-
25 conditioning, and if we crash in the next few years because
26 we don't get our acts together, it's because we're not
27 managing air-conditioning and this is a cheap way to do it,
28 and we will work on that.

1 We also -- I'll take 30 seconds more. We've also
2 done a number of experiments in large buildings in which we
3 tried raising the thermostat by four degrees on a hot
4 afternoon. And what we discovered is that we can save,
5 average over four hours, something like 30 percent of the
6 air-conditioning load and people barely notice.

7 And the moral today is I think that people will
8 do a lot of things for maybe the four hottest afternoons of
9 summer for maybe four hours, for maybe four degrees which
10 they wouldn't consider doing for all summer. And that's a
11 lot cheaper than building a peaker plant to handle four hot
12 afternoons in a summer for four hours. And it has a lot to
13 do with system reliability, and I think it will be wonderful
14 if the three agencies can start working together on that.

15 Thank you.

16 COMMISSIONER KEESE: Thank you.

17 Do we have any others?

18 COMMISSIONER WOOD: Yeah. Carl Wood from the PUC.

19 STATEMENT OF COMMISSIONER WOOD

20 COMMISSIONER WOOD: I think possibly one of the
21 reasons for some reticence on the part of the PUC
22 Commissioners here to weigh in on some of these issues is
23 our style at this agency is probably characterized by a
24 certain amount of caution and conservatism, and the reason
25 for that is that we're the checkpoints for the revenue
26 streams.

27 We decide who pays for these programs in most
28 cases and who pays how much for which programs. That's one

1 of our main charges.

2 In addition to that, I think that there needs to
3 be a real focus on exactly what problems are being
4 addressed. We've heard talk about dealing with the problems
5 of the blackouts that we've had. We have issues of
6 environmental impacts and minimizing those. We have
7 questions of reliance on certain types of fuels and going
8 forward which, of course, interacts and intersects with the
9 environmental issues.

10 I think that frequently when we talk about these
11 issues we're not always clear or we're not always in
12 agreement, but the disagreement is not stated about what
13 problems were being addressed.

14 Now, I'll be very concrete about this, and I
15 expect there probably may not be a lot of agreement on this
16 at this table or maybe in the audience or in society as a
17 whole. But I and some other folks at this Commission are
18 convinced that the blackouts that we experienced over the
19 past two years had nothing whatsoever to do ultimately with
20 an inadequacy of generation resources.

21 They had everything to do with a dysfunctional
22 market and abuse and manipulation of that market by certain
23 market participants. And that's, I think, increasingly
24 becoming clear. We're reading about it every day. Some
25 things that we knew were going on and we weren't able to
26 establish concretely in our investigations here at the
27 Commission, but now it's being done before Legislature and
28 Congressional committees.

1 Possibly more to the point with respect to what
2 we're discussing here today, issues like the introduction of
3 advanced metering and what seems to be a corollary to that,
4 the modification of rate structures for the information and
5 the types of use that you get out of the introduction of
6 these meters, these all have rate impacts, and the rate
7 impacts are not necessarily always beneficial for each
8 segment of consumers.

9 Very concretely, if we have a system in which we
10 reward consumers who are able to restrict their peak usage
11 by giving them lower rates for off-peak usage and higher
12 rates for peak usage, if that's a mandatory program for all
13 consumers in a certain class, say, commercial and business
14 customers, what are hospitals going to do? They're going to
15 face higher bills.

16 Even if they're able to opt out, they are going
17 to have to be allocated a higher portion of the total bill
18 to pay for rates.

19 Many residential consumers are not able to be as
20 responsive even with the availability of metering, including
21 smart metering and automatic smart metering. They're not
22 going to be able to be as responsive as some other classes
23 of customers.

24 This isn't to say that these steps shouldn't be
25 taken. It means that all of these effects have to be taken
26 into consideration. And I think before we reach any
27 conclusions, we have to fully understand those things.

28 In the proceeding that we're doing here at the

1 Commission, those issues will be addressed, and I'm very
2 pleased about the scope of our proceeding because it will
3 take these things into account.

4 I'm personally reluctant to pass judgment on any
5 of these programs, to either endorse or repudiate any of the
6 programs until we have more full information, and that's
7 really the reason that I personally am here, is to hear from
8 you about the programs that we have and the programs that we
9 might introduce in the future and how the ones we have are
10 working and how they might be improved going forward.

11 COMMISSIONER KEESE: Thank you.

12 Mr. Peevey.

13 STATEMENT OF COMMISSIONER PEEVEY

14 COMMISSIONER PEEVEY: Hi. My name is Mike Peevey,
15 and I'm the newest member of the PUC, also the author of the
16 OIR that was adopted yesterday, 5-0.

17 And the reason I've been reluctant to say
18 anything so far is I thought there was plenty of applause
19 for going forward on dynamic pricing metering from the
20 audience. There was very little reason for me to say much
21 since my energy and time and that of my staff and others,
22 the ALJ, will be devoted to making this a reality and really
23 getting into all the details over the next several months.

24 But I have to say that Carl Wood, my colleague to
25 my right here, said that the PUC is an agency that shows
26 caution and conservatism in many respects, but it's not
27 always evident in its assessments of the consequences of the
28 shortage of electricity for the last 18 months or so, even

1 in Carl's own view.

2 But I'm particularly pleased also that as we go
3 on this voyage of discovery -- which is not discovery for
4 Art over here, but certainly is for some others, including
5 some of the staff at the PUC -- that we did adopt this on a
6 unanimous vote, and I think it's important that we do deal
7 with some of the issues that Carl raises so that when we
8 come to implementation, we again do it by unanimous vote.

9 COMMISSIONER KEESE: Thank you.

10 We have five minutes left in our one-hour
11 residential program. Do I have any other inclination here?

12 We have no problem ceding our five minutes so
13 that we stay on time.

14 .

15 DIRECTOR MC PEAK: May I ask a question. I will try
16 not to take five minutes.

17 COMMISSIONER KEESE: Sure.

18 .

19 DIRECTOR MC PEAK: The comment about the lack of
20 information sharing and coordination among some of the
21 conservation and load-management programs in the residential
22 sector, forgive my ignorance, but are there meetings of all
23 the program administrators with related parties such as the
24 CBOs who might be doing something, cross-agencies? Does
25 that actually happen?

26 COMMISSIONER KEESE: Let me ask Mr. Matthews to
27 comment on that because the parties have put together a very
28 large matrix to try to handle this. Mr. Matthews, give us

1 some more details.

2 STATEMENT OF MR. MATTHEWS

3 MR. MATTHEWS: There are a number of ways that we
4 coordinate together. One is that the people at this table
5 meet every Tuesday evening to talk about coordination issues
6 along with other agencies involved in energy efficiency, not
7 just the three of us.

8 We participate in each other's proceedings, so
9 when the PUC is developing IOU programs, Energy Commission
10 staff is there. The program managers coordinate, especially
11 in this issue that the Legislature was interested in of
12 duplication, in that we want to make sure that the Energy
13 Commission has a program, the PUC has a program, the CPA
14 will have loans that we're not allowing double-dipping
15 except when we think that it's the right thing to do, and
16 that requires a lot of interaction.

17 We could, of course, do a lot better. And the
18 suggestion that I heard from Rita Norton was that we have,
19 say, some kind of combined staff workshop on particular
20 issues. We do that quite a bit. We've been doing it on
21 demand-responsive kinds of issues under the direction of
22 Art Rosenfeld and Robert Pernell, but we could do it in more
23 areas than what we're doing it now.

24 COMMISSIONER KEESE: Thank you very much.

25 COMMISSIONER WOOD: Thank you.

26 Again, I'm Carl Wood, chairing this portion of
27 the session.

28 We're dealing here with the nonresidential sector

1 programs, and I won't take any time to comment because we
2 have 13 public commenters who want to speak, so I'd like to
3 get right to our initial presentations so that we allow
4 maximum time for them.

5 So with that, the Energy Commission.

6 MR. MATTHEWS: The Energy Commission monitors
7 activities that I'm going to discuss here are again the
8 building and appliance standards --

9 COMMISSIONER WOOD: Mr. Matthews, can you identify
10 yourself.

11 MR. MATTHEWS: I'm Scott Matthews, Deputy Director of
12 Energy Efficiency and Energy Commission.

13 -- the cool roof program, our public agency
14 programs, agriculture, water, wastewater, industrial, an
15 innovative program, R&D and distributed generation.

16 Nonresidential building standards have been --
17 and appliance standards have been tracking the same schedule
18 as the residential standards. Again, we adopted last year
19 AB 970 standards in 119 days again focusing on air
20 conditioning and ducts.

21 We're working on the 2005 standards, mentioned
22 many times already today, looking at time-differentiated
23 impacts of alternatives so that if we have more time of
24 differentiated prices, buildings will reflect that. Also
25 looking at a new area for the Energy Commission, outdoor
26 lighting.

27 And, of course, Commissioner Rosenfeld would be
28 upset at me if I didn't mention including cool roofing.

1 Transitioning to our cool-roof program we -- as
2 part of our peak-load reduction program for last summer, we
3 began a cool-roof program. We now have some 1,500
4 participants who are or have already re-roofed some
5 7 million square feet with cool reflective materials.

6 The Energy Commission has been for many years
7 involved in public agencies, providing technical assistance
8 and funding to schools, hospitals, universities, local
9 jurisdiction. We've awarded some \$140 million over the
10 years.

11 As part of the summer of 2001 effort, we got an
12 additional infusion of \$50 million to loan at 3 percent.
13 That money is now all lent out and we are waiting for
14 repayment of some of the older loans so we can lend out more
15 money.

16 We began -- and I need to mention this or
17 Commissioner Pernell will be upset at me:

18 The collaborative for high-performance schools,
19 looking at best practices, training sessions for architects
20 and other activities trying to improve school energy
21 efficiency. The PUC's directed IOUs, of course, are major
22 participants and help fund that effort as well.

23 In the ag area, we've had a small ag program for
24 many years, technical assistance and loans, major infusion
25 of funds as part of the peak-load reduction program doing
26 things such as pump improvements, educational materials,
27 demand responsive and -- now known as cow power -- the
28 animal waste to generate electricity program.

1 Water, wastewater is another area that we've
2 worked in for many years, a similar kind of program
3 approaches. With the infusion of funding last year, we
4 expanded the energy efficiency plus did some distributed
5 generation and improvement in efficiency and air quality
6 at -- self-gen at the water, wastewater facilities.

7 The industrial program is the result mostly of a
8 Department of Energy grant. The Energy Commission is the
9 State energy office and facilitates all the federal funding
10 in energy efficiency coming into the state. We look at not
11 only improving the energy efficiency of industrial
12 facilities, but also reducing waste streams.

13 As part of our peak-load reduction program, we
14 began an innovative program stealing -- that was the
15 quickest five -- I have three minutes, 48 seconds.

16 COMMISSIONER WOOD: You have another minute and a
17 half.

18 MR. MATTHEWS: Thank you.

19 Stealing a good idea from the PUC which is based
20 upon, at least from my point of view, the theory that
21 bureaucrats don't always know the best way to do something,
22 so we offer \$250 a kilowatt for demand reduction.

23 The surprise was, in addition to some very
24 innovative programs, we got large store chains who came to
25 the Energy Commission with traditional kinds of programs --
26 lighting retrofits for the most part -- because they could
27 come to one stop rather than going to 31 or so different
28 utility programs.

1 As part of our public discharge program, we do
2 research and development, large number of areas on the
3 energy efficiency side, everything from fume, hoods to oil
4 efficiency, oil-field efficiency, clean rooms, daylighting.
5 And finally, we are doing some R&D work for distributed
6 generation, including looking at market integration issues,
7 things you that you mentioned, Commissioner Wood, grid
8 effects, as well as trying to standardize interconnection
9 protocols.

10 COMMISSIONER WOOD: That was five minutes by my
11 watch.

12 Ms. Doll.

13 STATEMENT OF MS. DOLL

14 MS. DOLL: This is Laura Doll. That was a good
15 example of why you shouldn't challenge the CEC numbers right
16 there, because Scott is always right.

17 Power Authority, nonresidential sector programs,
18 there are five for 2002. The first on the street is a
19 collaboration with the treasurer's office for tax exempt
20 industrial development bonds for efficiency and clean power.

21 We have been allocated \$30 million in tax exempt
22 bonds to get out to businesses who want to install
23 efficiency or make efficient projects or products, energy
24 equipment, sorry. Second is a public agency loan pool.

25 Now, the CEC has had for a number of years a
26 public agency loan pool. It has a \$2 million cap. We think
27 there may be an opportunity for larger-scaled projects and
28 financing for those, and that's the next area that we're

1 focusing on.

2 We also have a interesting opportunity that's
3 just come up as a result of the State power contract
4 renegotiations. One of the good things to come out of this
5 is that there have been some settlements that result in some
6 money, a couple million dollars initially, to install solar
7 photovoltaic systems in public schools in California.

8 Fourth is distributed generation technology
9 public procurement. We've had, again, on the street for
10 some time a solicitation trying to encourage bidders of
11 distributed generation equipment to give us their best shot
12 so that we could make that available to other public
13 agencies.

14 And that includes fuel cells, solar photovoltaic
15 and combined heat and power. Again, all of this can be done
16 and will be done in conjunction with existing CEC and PUC
17 programs. But we think that we'll have a prescreened list
18 available for public agency participation.

19 And then last, related to that, we think there's
20 a real need for financing that can allow third parties to
21 participate in distributed generation. We'd like to focus
22 on energy developers, service companies to allow for
23 ownership and deployment of distributed generation at
24 customer sites.

25 So those are our five. That's it.

26 COMMISSIONER WOOD: Ms. Hale from the PUC.

27 MS. HALE: Thank you, Commissioner.]

28 For the nonresidential sector, the Public

1 Utilities Commission ratepayer-funded energy-efficiency
2 programs, they get about 45 percent. 45 to 60 percent of
3 the funds the Public Utilities Commission collects go to --
4 for energy efficiency go to nonresidential-sector programs.
5 Those are programs that provide for commercial, industrial,
6 agricultural retrofits and renovation, lighting and
7 appliances, again, new construction, and heating,
8 ventilation, and air conditioning.

9 We also have available to the nonresidential
10 customers of the investor-owned utilities eight
11 demand-response programs.

12 They are the interruptible program, where we have
13 1,042 megawatts available. And a customer receives rate
14 incentives to participate in that program.

15 We have the agricultural and pumping
16 interruptible rate, where customers receive credits on their
17 bills. That program has 41.5 megawatts available.

18 Our base interruptible program, where a customer
19 receives a payment instead of a discount on their bill for
20 interruptions, has 16.5 megawatts available to the State.

21 Our optional binding mandatory curtailment
22 program, which gets the award for the most confusing name,
23 exempts customers from rolling blackouts if they make
24 certain commitments. We have 31 megawatts signed up on that
25 program.

26 And our load-reduction program that's fondly
27 referred to as "SLURP" -- not our name; that was in
28 statute -- provides 4 megawatts of load.

1 And then we also have the San-Diego-only area
2 blackout reduction program that allows customers certain
3 payments for avoiding blackouts. And that has 60 megawatts
4 available.

5 The total throughout -- the 1,400 megawatts
6 available through these programs -- is a vital tool to
7 California for purposes of maintaining reliability.

8 There was quite a bit of talk about
9 self-generation so far. Let me take a little bit of time to
10 go through the PUC's self-generation incentive program. The
11 Commission grants funds for customers who produce
12 electricity on site without exporting those megawatts for
13 sale. We have an incentive program that is for
14 self-generation up to 1 megawatt, and we provide higher
15 grants to renewable generation than to nonrenewable, but the
16 grants are available to all technology types.

17 At present, we have \$61.7 million reserved for
18 photovoltaics within this pot of dollars that totals
19 102 million. Most of the megawatts, however -- although
20 most of the dollars are going to photovoltaics, most of the
21 megawatts that are signed up are for internal combustion
22 engines and microturbines.

23 Two other things that I wanted to call your
24 attention to as we talk about all these programs today --
25 Commissioner Wood referred to it as well. Much of what we
26 do in California sort of starts from the customer
27 perspective, from what the rate is they're paying. Whether
28 any of these programs are cost effective from the customer's

1 perspective has a lot to do with what their energy bill
2 totals.

3 So if we want to see more energy efficiency, more
4 incentives for self-generation, that's not just an incentive
5 to sign up for, like, the \$4.50-a-watt incentive payment
6 that the PUC sponsors, but also the incentive from that --
7 from a customer perspective, what they would look at these
8 programs from, which is: what's my total bill? What can I
9 do to reduce my total bill?

10 It's through energy efficiency. It's through
11 signing up for demand-responsiveness programs, but it all
12 starts from the perspective of: what's my total bill?

13 And I think that's part of where --
14 Commissioner Wood, perhaps that's what you were referring to
15 when you were saying we need to think about this in terms
16 of, you know, what it means to the customer.

17 Is it going to be a program cost that's borne by
18 a customer, and therefore increases everyone's bill, which
19 is going to have an effect on their interest in pursuing
20 other programs? Is it a rate reduction for one, but it's
21 going to be footed by another, which is going to have an
22 overall system effect?

23 So it all sort of comes down to, from my
24 perspective: what are the rates? What are the bills that
25 customers are paying? Because that's where they really get
26 the bottom-line incentive to either participate or not in
27 the many programs that all of these agencies are sponsoring.

28 Thank you.

1 COMMISSIONER WOOD: Thank you.

2 And that brings us to the public-comment portion.
3 We have 15 public commenters, and we have 25 minutes in
4 which to squeeze them. Commissioner Peevey says give them
5 just five.

6 What I propose to do is try to keep your remarks
7 to one and a half minutes. I'll allow a little bit of
8 flexibility against that, but let's see if we can give
9 everybody a chance to speak in the time that we have
10 allotted.

11 The first person on this list is Scott Gainer,
12 who'll be followed by -- I can't read the first name. The
13 last name is Murphy. And then the next person will be
14 Tom DuBos. So will the next speakers please move forward,
15 so that we don't lose time coming to the mike?

16 STATEMENT OF MR. GAINER

17 MR. GAINER: Good afternoon. My name is
18 Scott Gainer, representing the Thermal Energy Storage
19 Committee of ARI.

20 Thermal Energy Storage uses off-peak energy at
21 night to create and store cooling, the following day to be
22 used as stored cooling capacity to cool the building during
23 on-peak hours. Simple.

24 It is well proven that TES reduces a building's
25 peak electric demand 5 to 30 percent in over 6,000
26 installations and in 35 countries around the world. TES now
27 shifts over 100 megawatts in California; 12 megawatts at
28 Stanford University alone.

1 Why not more in California?

2 Existing standard performance contracts forbid
3 the use of TES because outdated beliefs that it does not
4 save energy. This is simply not true. Who says so? The
5 CEC. Here's the report (indicating). It basically proves
6 that it is 8 to 30 percent more efficient to generate and
7 deliver a megawatt of power during the middle of the night
8 versus middle of the day. Makes sense, doesn't it? Other
9 international reports come to the same conclusion.

10 The problem is: those savings do not show up on
11 the building's electric meter.

12 The report also says TES can save energy at the
13 building. The most energy-efficient building in the U.S.,
14 according to the EPA's Energy Star building label program,
15 uses TES. This technology has dramatically improved as
16 companies have redefined their products over the last 20
17 years.

18 1,000 megawatts could be shifted in less than 24
19 months with proper incentives. In the long run --

20 COMMISSIONER WOOD: Mr. Gainer, can you wrap up?

21 MR. GAINER: Yes.

22 Very quickly, in the long run, if the consumers
23 pay for the real societal cost of energy, incentives will
24 not be needed.

25 In the near term, TES needs your support, and can
26 be a major contributor in keeping California the leader in
27 energy conservation, while helping stabilize California's
28 power supply, especially during peak hours.

1 Thank you.

2 COMMISSIONER WOOD: Thank you.

3 Next person -- I don't know if it's a Mr. or
4 Mrs. Murphy. And can you please state your name from the
5 microphone?

6 And the person following you will be Tom DuBos,
7 followed by Janice Lin.

8 STATEMENT OF MR. MURPHY

9 MR. MURPHY: My name's Harry Murphy. Sorry you
10 couldn't read the first name. I'd like to thank you for
11 letting me speak.

12 Since my time is limited, I'll get right to the
13 point. Excuse me. I'm kind of nervous. I don't do this
14 every day. Excuse me.

15 Anyway, water, lighting, and cooling are the
16 three biggest consumers of electricity in this state. Since
17 last summer's rolling blackouts and the governor's call for
18 energy-savings ideas, I started looking for something that
19 would help out the situation, and to maybe make a few bucks
20 in the process.

21 What I had -- what I found is that the technology
22 that also already is in play and not being used to its full
23 potential, it's used in traffic lights, public buses, and
24 new -- excuse me -- construction, big rigs, so on, and so
25 on. At this time I'm in negotiations with a chain store to
26 put in approximately 1,500 lights at 50 watts apiece.

27 Basically it's a very -- you know, here's the
28 way: It's very energy-efficient lighting. When you cut

1 down your energy usage, your wattage, you also cut down on
2 heating usage. So I'm replacing a 50-watt light; goes down
3 to 17 watts. Basically the company -- if they fully replace
4 this, they'll save approximately \$75,000 a year in heating,
5 cooling costs, energy costs, so on, and so on. The return
6 on the investment would be approximately 2.4 years, and
7 saving a bunch of money.

8 COMMISSIONER WOOD: Thank you. Thank you.

9 MR. MURPHY: Eating up so much time. Thank you.

10 COMMISSIONER WOOD: Tom DuBos, followed by
11 Janice Lin, followed by Del Evans.

12 STATEMENT OF MR. DUBOS

13 MR. DUBOS: Good morning. Thanks for the chance to
14 address this body. My name's Tom DuBos. I'm with EnVinta.

15 Our mission is to help organizations change their
16 culture around energy efficiency. That includes everyone,
17 from schools to governments to private industry.

18 The way we approach that daunting task is through
19 an assessment process that then allows us to benchmark them
20 against their competitors or their peers, in order to assess
21 their internal practices.

22 Our experience in the energy-management field
23 taught us that all the engineering solutions in the world
24 are wonderful and they're necessary, but they're usually not
25 sufficient to drive sustainable performance and the best
26 energy practices that can be achieved.

27 My purpose here is to, you know, praise you for
28 getting together in this joint session as you're doing, and

1 to ask you to evaluate our efforts in that light. We
2 submitted a proposal to the CEC which was approved, and they
3 endorsed it, but it was shot down by the CPUC based on our
4 use of proprietary software. Although in part that's true,
5 because that's how we conduct the assessment, it's a small
6 part of the overall process that's proven to be very
7 valuable. It's been endorsed by groups like Energy Star,
8 LADWP, Northwest Energy Efficiency Alliance, and Wisconsin
9 Focus on Energy Program.

10 So we would just ask your gracious look at our
11 program, and evaluate it in that light.

12 I hope I finished on time. Thanks.

13 COMMISSIONER WOOD: Thank you.

14 Janice Lin, followed by Del Evans, who'll be
15 followed by Jeff Byron.

16 STATEMENT OF MS. LIN

17 MS. LIN: Thank you very much for holding this
18 important, historic meeting. My name's Janice Lin, vice
19 president of business development in the PowerLight
20 Corporation. PowerLight is a California-based
21 grid-connected PV system manufacturer and systems
22 integrator.

23 My first point is that solar/electric generation
24 or photovoltaics, is a commercially ready, reliable source
25 of distributed generation that today contributes on a
26 system-wide basis to reducing California's peak demand, with
27 zero emissions.

28 Thanks to the programs put in place by the CPA,

1 the CEC, and the CPUC, the grid-connected PV market in
2 California has grown and enabled unprecedented momentum in
3 the U.S. PV market, particularly for large-scale
4 commercially sized grid-connected PV systems. Large-scale
5 systems are the most cost-effective form of PV today on a
6 unit basis, largely because we're able to spread fixed costs
7 over a larger installed base.

8 This momentum and the growing installed base of
9 grid-connected PV has contributed to cleaner, more
10 energy-reliant California and generated hundreds of
11 high-quality jobs in state.

12 To sustain the momentum, we respectfully request
13 your support us with the following. First, we would like
14 the 1 megawatt net metering in California to be extended to
15 perpetuity. It's currently scheduled to sunset at the end
16 of this year. And it would certainly be --

17 COMMISSIONER WOOD: Can you quickly wrap up?

18 MS. LIN: Yes.

19 Also, like PVs' exemption from proposed system
20 fees requires a successful implementation of large State
21 procurement of turnkey PV systems.

22 When integrated, the savings associated with PV
23 and energy efficiency are greater than either measure alone,
24 and can easily justify the combined project costs.

25 Thank you.

26 COMMISSIONER WOOD: Del Evans, who'll be followed by
27 Jeff Byron, followed by Peter Weiner.

28 STATEMENT OF MR. EVANS

PUBLIC UTILITIES COMMISSION, STATE OF CALIFORNIA
SAN FRANCISCO, CALIFORNIA

1 MR. EVANS: Thank you. Del Evans, demand-response
2 program manager for Pacific Gas and Electric Company.

3 On behalf of my company, I wanted to take the
4 opportunity today to thank and applaud the
5 California Public Utilities Commission the California Energy
6 Commission and the CPA for holding this session, and
7 reviewing your efforts to date in the areas of energy
8 efficiency, demand response, and distributed generation.

9 As I'm sure you're all aware, as has been stated
10 earlier, it is absolutely critical that these three agencies
11 come together and coordinate a focused effort in all of the
12 areas. If we could do this effectively, it is directly
13 related to our ability to deliver simple, straightforward,
14 and stable programs for our customers.

15 However, if we continue down a path or experience
16 a path that we experienced last year of confusing,
17 overlapping, and ever-changing programs, it's very difficult
18 to achieve that goal. When we have stability, when we have
19 clear direction and efficient ways to get our programs out
20 the door, we're confident that we can achieve the results
21 and the customer participation that's necessary for the
22 state.

23 We also encourage the agencies to look at a
24 cross-agency effort around cost effectiveness of these
25 programs. It's absolutely critical.

26 We believe that we understand clearly at all
27 fronts what the bang-for-the-buck equation is; that the
28 resources in this state are very scarce. We want to use

1 them efficiently. We want to use them effectively.

2 Finally, I want to encourage you, as we have in
3 the past. Pacific Gas and Electric is ready to work with
4 all of you in the efforts of developing a clear direction
5 for energy efficiency, demand response, distributed
6 generation to make sure that all three of those entities are
7 a valuable mix to the energy mix of California as we move
8 forward.

9 Thank you.

10 COMMISSIONER WOOD: Thank you. Jeff Byron, followed
11 by Peter Weiner, followed by Marcel Hawiger.

12 STATEMENT OF MR. BYRON

13 MR. BYER: My name's Jeff Byron, and I consult to
14 end-use customers, but I'm here today on behalf of the
15 Silicon Valley Manufacturing Groups Distributed Energy
16 Resources Subcommittee. We have an abbreviation for that.
17 By my exhaustive research, Commissioners, this is the
18 largest body of commissioners that have ever met, except
19 when professional baseball gets together, and that's not
20 nearly as important.

21 I'd like to make three points, if I may. The
22 first is that for businesses' sake, in this state, the
23 energy crisis is not over; not by any stretch. California's
24 becoming an even more unfriendly state in which to do
25 business.

26 And I'd like to compliment you on the public
27 service that each of you represent in your various
28 organizations, but I think we're all well aware that we have

1 a governor that's running for at least one or more offices;
2 and as a result, to keep that rates down for residential
3 customers is definitely having an impact on businesses in
4 the state. And there are other consequences as well.

5 That said, the lack of coordination of the State
6 energy agencies, the creation of new ones, and the divergent
7 policies must be addressed. And I know that many of you see
8 the importance of a consistent, statewide policy. I
9 understand there is some pending legislation around this
10 issue.

11 I don't know if that's going to be the right
12 course or not, but until such a policy exists, on behalf of
13 all Californians I ask that you and all State agencies --
14 State energy agencies continue to work together and to solve
15 the next phase of our energy crisis: a crisis of confidence
16 in the financial markets to investment in California going
17 forward.

18 Thank you.

19 COMMISSIONER WOOD: Thank you.

20 Peter Weiner, followed by Marcel Hawiger,
21 followed by Gerald Lahr.

22 STATEMENT OF MR. WEINER

23 MR. WEINER: Thank you. I'm Peter Weiner. Thank you
24 very much for the opportunity to see you all together today.
25 Nice to see you, Mr. Peevey.

26 Part of what the Energy Commission has done in
27 terms of demand-side management for agriculture has been to
28 encourage, as was said, the use of cow power.

1 I would like you to consider, in addition, for
2 2002, as Mr. Keese has said, that one of the most successful
3 programs in agriculture has been the use of orchard removals
4 and prunings -- i.e., tree power -- to produce energy.

5 There have been side benefits -- responding to
6 one of the concerns that Commissioner Wood was talking about
7 -- in terms of the 95-percent reduction in pollutants versus
8 open burnings, and a sharp multiplier in created jobs.
9 Since the jobs are not being created from gas, but from
10 wood, which is local, the energy is base load; it's
11 dispatchable. Some of the facilities are part of grid
12 stability as well.

13 My point is that the continued maintenance of
14 this demand-side management program for biomass is critical.

15 In 2002, several of these facilities, as I think
16 all of you know, have contracts that will not exist after
17 June 30th, and they will cease operation. That's
18 150 megawatts that will be lost at the time when it is most
19 needed, without long-term contracts.

20 In addition, I just want to bring this up, and
21 then I will finish. There will be slow attrition of these
22 facilities. One has already shut down because it cannot
23 finance major maintenance without long-term contracts.

24 Moreover, they have higher costs of producing
25 this energy if they can't do long-term fuel contracts, and
26 they can't without a long-term contracts of their own. This
27 is an issue that really comes before all of you in other
28 contexts, but I would hope that you could consider it as

1 part of a vital demand-side management program in the
2 agricultural sector.

3 Thank you.

4 COMMISSIONER WOOD: Thank you. Mr. Hawiger.

5 And I'm going to have to ask everybody to -- I'm
6 going to be very strict about the one and a half minutes,
7 because we're slipping a little bit here. We're not going
8 to get everybody here.

9 STATEMENT OF MR. HAWIGER

10 MR. HAWIGER: Marcel Hawiger, on behalf of TURN.

11 First I have to make a correction to my earlier
12 presentation. PG&E came up to me and said actually they had
13 provided 6,200 rebates for air conditioners. The 400 number
14 was what they provided us through our -- in our data
15 request, and it only apparently covered one program. So I
16 was happy to hear that, because PG&E had made changes based
17 on our suggestions. And we were, frankly, surprised at the
18 low number. Now they've got three times as much as Edison.

19 I still hope that -- we still need to look at
20 whether we can expand that number, given the actual size of
21 the retrofit market, but you know, I am glad that they are
22 doing so much better than I thought.

23 As far as the nonresidential, I'd like to just
24 talk about air-conditioner cycling and other interruptible
25 programs. As Ms. Hale mentioned, Edison has an
26 air-conditioner cycling program for residential and
27 commercial customers. They turn off the air conditioning.
28 It provides 200 megawatts of load reduction, and it is the

1 first program called. It is the most reliable. It is the
2 most cost effective. There is nothing in PG&E, nothing in
3 SDG&E. The Commission said they would expand it -- the
4 Public Utilities Commission.

5 Nothing has happened. We are extremely concerned
6 and disappointed by that.

7 SMUD has 100,000 customers on their
8 air-conditioning cycling program. That is the same number
9 as all the utilities combined.

10 COMMISSIONER WOOD: Your time is up. Please finish
11 your paragraph.

12 MR. HAWIGER: I'll finish right there. That's the
13 point.

14 Thank you.

15 COMMISSIONER WOOD: Next speaker is Gerald Lahr,
16 followed by Ken Cleveland, followed by John Rosenblum.

17 STATEMENT OF MR. LAHR

18 MR. LAHR: My name's Gerald Lahr, with the
19 Association of Bay Area Governments. We're a joint-power
20 agency that represents the 100 cities and nine counties of
21 the San Francisco bare. Also, we have a separate
22 joint-power agency which is ABAG Power, which advocates on
23 behalf of our members on energy matters.

24 In the past, ABAG power has been primarily
25 involved with energy aggregation programs. We had to
26 suspend our electric aggregation program last year. We
27 still run a gas aggregation program, but I want to make two
28 brief comments.

1 One is: To advocate for the increased assistance
2 to smaller local governments, we recently put a proposal
3 before the PUC that, with yesterday's decision, was
4 rejected, but I think the idea is still there. We feel that
5 there's a perception that -- although there are significant
6 funds coming to the Bay Area, they are going to the large
7 organizations, the San Franciscos, the Oaklands, and
8 Berkeleys, the ones that have established organizations, but
9 the smaller organizations that really represent the majority
10 of local governments within the Bay Area are not receiving
11 those funds, and need more help because they don't have the
12 infrastructure to take advantage of these programs.

13 And secondly, quickly, I'd like to add our name
14 to an idea that's been put forward in the past, and that's
15 the idea of a regional energy office. We were glad to see
16 that there was one program that was supported --

17 COMMISSIONER WOOD: Your time is up. Please finish.

18 MR. LAHR: I'll just finish with that. We support
19 the idea of a regional energy office. Thank you.

20 COMMISSIONER WOOD: Ken Cleveland, followed by
21 John Rosenblum, followed by Sam Driggs. And I'll remind
22 speakers come forward if you're going to be next up.

23 STATEMENT OF MR. CLEVELAND

24 MR. CLEVELAND: Good morning, Commissioners. Thanks
25 very much for having this meeting. I hope you'll make it an
26 annual event at least, if not more frequent.

27 I'm representing Building Owners and Managers
28 Association of San Francisco, and am staff director to our

1 Energy Commission for the Bay Area. We represent the
2 commercial office buildings in California, and I represent
3 them here in the Bay Area.

4 We're very supportive, and have been for many
5 years, on commercial energy-reduction programs.

6 A couple of things I'd like to bring up. One: I
7 think we should be more focused on multitenant, commercial
8 office buildings, huge consumers of energy. We need them to
9 have longer lead times to apply for the programs. We don't
10 need to have high fees to apply for the programs. And we
11 need to have them flexible in the way they're utilized in
12 office buildings.

13 And the second point I want to make is to bring
14 the tenants into the process. Right now, tenants pay their
15 energy based on the amount of space they rent in the office
16 building, not on how much energy they consume. We need the
17 ability to submeter, and -- the ability to submeter
18 commercial office tenants.

19 Thanks.

20 COMMISSIONER WOOD: Thank you.

21 Next speaker, John Rosenblum, followed by
22 Sam Driggs, followed by Greg Karras.

23 STATEMENT OF MR. ROSENBLUM

24 MR. ROSENBLUM: I'm John Rosenblum, partner in a
25 small company called "Provimetrix Corporation," from
26 Santa Rosa. We specialize in collecting and analyzing data
27 from industrial process control systems, and then
28 identifying efficiency improvements.

1 The point that I wanted to make is about the
2 barriers that new small businesses face in trying to
3 participate in your agencies' efficiency programs.

4 For example, municipal water and wastewater
5 treatment plants, if they have the utility bill of less than
6 a million dollars, usually do not have a discretionary funds
7 to embark on a proper energy-efficiency evaluation. So they
8 hope for free, walkthrough audits that look at the surface.
9 And they can never ever identify the very large savings that
10 come from site-specific and process-specific improvements.

11 Just as an example, we just recently looked at a
12 treatment plant. We looked at one process that was using
13 about \$820,000 worth of electricity a year, and we got them
14 \$470,000 a year in savings from process improvements based
15 on a data evaluation, but that data evaluation costs \$70,000
16 in order to get to a project that was about \$1.5 million.
17 And we got low-interest loan from the Energy Commission, but
18 the barrier was the \$70,000. So --

19 COMMISSIONER WOOD: Your time is up. Please finish
20 your statement.

21 MR. ROSENBLUM: Yeah. One thing I want to leave you
22 with is: You cannot leave just a small, one-month window to
23 bid on energy-efficiency projects.

24 COMMISSIONER WOOD: Thank you.

25 Sam Driggens, followed by Greg Karras, followed
26 by Rich Sperberg.

27 STATEMENT OF MR. DRIGGENS

28 MR. DRIGGENS: Good morning. Sorry about the bad,

1 poor penmanship. My name is Sam Driggs, City of
2 Stockton's Economic Development Division.

3 Without sounding like too much of a newbie at
4 this process, could you direct me to the appropriate
5 authority or staff in charge of energy-efficiency programs
6 that allow cities to seek funding for HVAC retrofits? The
7 reason being that we're looking to reduce our energy
8 consumption, and redirect those dollars to quality-of-life
9 services in the Stockton area. I need assistance or advice.
10 Your direction would be much appreciated.

11 COMMISSIONER WOOD: I would suggest that -- we have
12 senior staff people here at this table. And if you're going
13 to be here until the end of the program --

14 MR. DRIGGENS: I will stay.

15 COMMISSIONER WOOD: -- that you might approach each
16 of them and find out what programs might be relevant.

17 MR. DRIGGENS: Thank you very much. I appreciate it.

18 COMMISSIONER WOOD: Thank you.

19 Greg Karras --

20 MR. KARRAS: I'm Greg Karras.

21 COMMISSIONER WOOD: -- followed by Rich Sperberg,
22 followed by Tom Ahern, I guess.

23 STATEMENT OF MR. KARRAS

24 MR. KARRAS: Greg Karras. I work as a senior
25 scientist for Community for a Better Environment, and I came
26 into the issues you're addressing here through work on
27 industrial and other pollution-prevention engineering.

28 In the time I've got, I wanted to offer one -- my

1 top observation, top recommendation/explanation. It's
2 really striking how much of the alternative and efficiency
3 and demand-reduction technology and availability that you're
4 talking about leaving on the shelf -- that's still on the
5 shelf now, that you're talking about leaving on the shelf
6 for the next couple of years. That really comes across
7 strongly. And I don't mean that as a criticism, because in
8 fact, I think I would agree completely with
9 Commissioner Wood's statement that the crisis that we had
10 last year didn't have anything to do with a lack of
11 generation.

12 It did have a lot to do, I believe, with the fact
13 that many, if not most of the -- well, mostly fossil-fuel
14 plants are getting old, and are going to need to be
15 replaced, and with the centralization, that creates the
16 environmental problems, that creates the kind of
17 market-control problems, that creates the efficiency
18 problems. And that's an opportunity, but it's an
19 opportunity now, before they're replaced, to get other
20 things in place.

21 So the recommendation is: put as much of the
22 money you control as you can -- and probably all of the
23 public's money that you control -- into the efficiency, into
24 the alternatives, into the renewables.

25 Thank you.

26 COMMISSIONER WOOD: Thank you.

27 Rich Sperberg, followed by Tom Walden, followed
28 by Barbara George.]

1 STATEMENT OF MR. SPERBERG

2 MR. SPERBERG: Hi.

3 I'm Rich Sperberg. I'm the President of Onsite
4 Energy. We're a 20-year-old energy-services company located
5 in Carlsbad, California, really focused on energy solutions
6 for customers primarily in the commercial/industrial area.

7 I started my business in 1982 at the height of
8 the euphoria for cogeneration and tried to make a make a go
9 of it, and I wanted to really say two things:

10 One is, congratulations. You get a lot of
11 criticism from a lot of the speakers, but this is a great
12 event, and all of you are to be congratulated on both the
13 existing and the past programs and the future programs that
14 you will all sponsor and shepherd in because they have been
15 very important to the businesses of California.

16 I can't also be up here without making a couple
17 of comments.

18 One is that there are still barriers in the
19 distributed-generation marketplace, not the least of which
20 is a threat that has cast a pall over the existing, and this
21 is 2002, efforts to sell cogeneration systems based on the
22 proceeding that's in front of the CPUC right now regarding
23 exit fees.

24 This is a very important proceeding, and I hope
25 you all will determined the right answer and also consider
26 the effects on the industry that you're also trying to
27 support.

28 The second thing is that there is a big private

1 industry out there that is willing to supply products and
2 services to this worthy cause, and as you can consider a
3 program, please include market factors, that is, allowing
4 customers to deal with -- directly with suppliers.

5 And the third thing, very quickly, is don't
6 forget the main goal, and that is to save energy.

7 I think we all get caught up in the idea of
8 broad-based programs and consumers and all the things, but
9 the No. 1 goal is to actually save energy.

10 Thank you.

11 COMMISSIONER WOOD: Thank you.

12 Tom Auzenne, followed by Barbara George, followed
13 by Rita Norton.

14 STATEMENT OF MR. AUZENNE

15 MR. AUZENNE: Good morning.

16 My name is Tom Auzenne.

17 I'm actually here probably representing myself
18 more than my firm.

19 I'm the Marketing Manager for the City of
20 Palo Alto Utilities, and I actually speak on behalf of the
21 customer occasionally.

22 I would offer the following observations:

23 I apologize for my wardrobe. I wasn't planning
24 on saying anything today, but I was overwhelmed.

25 (Laughter)

26 MR. AUZENNE: I support and congratulate you,
27 especially Laura, for her efforts on third-party distributed
28 generation funding because I will offer you the following

1 observation: Customers do not want to be in the utility
2 business.

3 Some of my customers are Silicon Valley
4 Manufacturing Group members, and we have a fairly -- fairly
5 open discussion about such matter.

6 The second thing, Title 24 standards: I also
7 applaud perhaps modification of the standards to include
8 rewiring for PVs, with that -- with Mr. Pernell's comments.
9 I also agree that perhaps it tends to price the home
10 above entry level.

11 I also find that if you take the rewiring
12 approach for new construction, apply it, if you could, for
13 retrofit, because what you will find is that the price of PV
14 modules will then come crashing down, just like compact
15 fluorescent lamp prices came down when utility price
16 supports were removed from them. That's why you can now buy
17 them for \$4 in a hardware store instead of \$20 --

18 COMMISSIONER WOOD: Your time's up, Mr. Auzenne --

19 MR. AUZENNE: The last thing, speaking to the ORA's
20 comments earlier, on measurement verification, the greatest
21 savings that you will find will be the hardest to measure,
22 and that's going to in controls. And I don't have a simple
23 answer for that, but it has to be addressed.

24 COMMISSIONER WOOD: Thank you.

25 Barbara George, followed by Rita Norton.

26 STATEMENT OF MS. GEORGE

27 MS. GEORGE: Good morning.

28 It's wonderful to see all of the Commissioners

1 from all of the different agencies coming together. I am so
2 happy that you're here, and I hope that this is the
3 beginning of an integrated resources planning process which
4 we are in dire need of in California.

5 WEM -- I represent Women's Energy Matters. We
6 are an intervenor in the review of past energy-efficiency
7 programs, and we're also an intervenor in the design of new
8 energy-efficiency programs.

9 And I think that there are some tantalizing
10 possibilities, but there are also major problems that I
11 wanted to bring to everyone's attention today.

12 Very briefly, right now, the Public Utilities
13 Commission is trying to get -- to give 20 percent of the
14 money to nonutility entities.

15 The utilities really aren't doing the best job
16 because they want to sell more, and not less, energy.

17 However, the contracts do not exist. They were
18 supposed to be existing in January; they still have not been
19 written. And they -- the utilities are quite possibly going
20 to sabotage the programs for this year totally, which is
21 extremely upsetting.

22 Number two has to do with integrated resources
23 planning itself. I think that someone already said today
24 that there is no shortage of power in California. I think
25 we have a shortage of honest power companies, which is a
26 major problem.

27 But I think it would be absolutely tragic if all
28 of the wonderful energy that's in the room today that is

1 promoting energy efficiency and renewable energy that could
2 really bring us into a sustainable situation, a nonpolluting
3 energy system, really make a difference to the global-
4 warming situation, to the air quality in the Valley, and the
5 long-term health of all of our children.

6 COMMISSIONER WOOD: Your time is up, Ms. George.

7 MS. GEORGE: Thank you.

8 I just have one last sentence.

9 COMMISSIONER WOOD: We're running seven minutes
10 behind schedule --

11 MS. GEORGE: If we don't stop the powerplant
12 construction boom in the long-term contracts there will be
13 no future for energy efficiency and renewable energy in
14 California.

15 Thank you.

16 COMMISSIONER WOOD: Thank you.

17 (Applause)

18 COMMISSIONER WOOD: Rita Norton, our last public
19 speaker for this session, this part of the session.

20 STATEMENT OF MS. NORTON

21 MS. NORTON: Okay. I'm going to speak to a very
22 specific point on distributed generation.

23 And I noticed in the Public Utility Commission's
24 Overview of Programs that the Standard Offer agreements were
25 not cited.

26 And I had a client who does have a Standard Offer
27 as a qualifying facility and has expressed concern to me
28 that I need to follow-up on in terms of what is the future

1 status for those contracts that are -- that were part of the
2 original foundation of the distributed-generation industry
3 in the State of California.

4 I believe at this point those contracts are run
5 now by the ISO, and that party's not included in this broad
6 cross-section of the programs.

7 Under their administration, the data requirements
8 for those Standard Offers from qualifying facilities present
9 a hardship in the operation of those facilities.

10 So I want that point at least to be addressed in
11 your overview of where you go from here because certainly
12 the qualifying facilities should be brought into the next
13 generation of distributed generation and not be lost as part
14 of just the history.

15 Thank you.

16 COMMISSIONER WOOD: Thank you very much.

17 And I apologize to all of the public presenters
18 for this forced march. We're working under very tight time
19 restraints, and we had to go over a little bit. The cards
20 kept coming in after I had already assigned a minute and a
21 half to everybody.

22 With that, we now have an opportunity to hear
23 from our Commissioners, from our panel here, and I'll
24 recognize anyone who wants to kick it off.

25 Commissioner Duque?

26 STATEMENT OF COMMISSIONER DUQUE

27 COMMISSIONER DUQUE: I just have one quick question
28 for Scott Matthews:

1 You were talking about loans, and is there a
2 repayment problem?

3 MR. MATTHEWS: No. Actually, we've been lending to
4 local jurisdictions for, I don't know, 20 years, have never
5 had a default, including a school district that went
6 bankrupt, nevertheless paid our loans.

7 COMMISSIONER DUQUE: That's great. Thanks.

8 COMMISSIONER WOOD: Commissioner Pernell.

9 STATEMENT OF COMMISSIONER PERNELL

10 COMMISSIONER PERNELL: Thank you, Mr. Chairman.

11 Can everybody hear me?

12 A VOICE: Yeah.

13 COMMISSIONER WOOD: Yes.

14 COMMISSIONER PERNELL: Thank you, Mr. Chairman.

15 Just a follow-up on the -- on Scott's comment.

16 The Energy Efficiency Financing Program, which is
17 part of our loan program, has loaned 60 percent of its funds
18 to K through 12 schools.

19 We all know the condition our schools are in.

20 29 percent went to cities and county governments,
21 so, indeed, we are in communication with those
22 municipalities.

23 And 11 percent went to special districts, public
24 care, and hospitals.

25 We've loaned over \$140 million.

26 Energy savings, 23 million, 150 million
27 kilowatt-hours a year.

28 So we -- we have a very robust program. And, as

1 Scott has said, we don't have any default loans as I know of
2 today. And we want to continue that, and we want to work
3 with, obviously, the financing authority who will have all
4 the money here soon --

5 (Laughter)

6 MR. PERNELL: -- to continue those programs.

7 Thank you, Mr. Chairman.

8 STATEMENT OF COMMISSIONER WOOD

9 COMMISSIONER WOOD: I'll make some comments here.

10 One, I think that there are significant
11 differences in the ways in which we can get responsiveness
12 from nonresidential customers compared to residential
13 customers.

14 I think that the issue of cultural change, which
15 was raised in this part of the session by Mr. DuBos, is
16 probably even much more pertinent to residential customers
17 and yet we probably have not found very sophisticated ways
18 to deal with that issue with those classes of customers.

19 Probably, if I want to speak at some length about
20 that, I should have done it at that session. But addressing
21 the issues of the nonresidential customers: The tools that
22 we have traditionally used, very frankly, are pretty coarse
23 and ham-handed.

24 The best example I can think of is our
25 traditional interruptible program which is actually,
26 probably in terms of gross megawatts that are affected, may
27 be our most efficient program, and yet it was never designed
28 for use in a situation in which it had to be invoked very

1 frequently.

2 And we ran into that in the midst of the crisis
3 when we had -- especially in southern California we had
4 many, many industrial customers who were signed up in some
5 cases for 100 percent of their load -- hospitals and prisons
6 promised that they could be interrupted to that degree --
7 and it was based on an expectation that it would be an
8 extremely rare event when they actually would be called upon
9 for interruption, and yet, under different circumstances,
10 they were put in a situation where they simply couldn't
11 continue to do business, and hence the economic impact of
12 this program was in some ways almost as disastrous as the
13 rolling blackouts that it was designed to avert.

14 I think that we have to develop much finer tools.

15 One of the probing problems at this point in
16 addressing businesses is, frankly, most businesses are
17 already quite energy conscious, that it goes to the bottom
18 line right way. And I know from my experience, 20 years as
19 an industrial electrician, that long before we were talking
20 about this current energy crisis, companies were very
21 concerned about their electric bills, and they were doing
22 things about it -- they were doing engineering studies, they
23 were making adjustments to their equipment -- and there has
24 been a very active energy-services industry, sometimes not
25 described in that sense. Sometimes it was just the energy-
26 equipment manufactures, electrical-equipment manufacturers
27 who were presenting efficient equipment, not because it was
28 a good and moral thing but because it was really good

1 business.

2 What that means now is that we're in a situation
3 of drastically diminished returns for a lot of the efforts
4 we make this area.

5 A lot of these changes have been made already,
6 and there are limitations to what you can achieve through
7 reengineering with many companies, particularly the newer
8 companies which are very, very sophisticated in the design
9 of their new plant.

10 I think we need to look at sophisticated ways of
11 peak-shaving.

12 A big problem we have now with the transformation
13 of the market into whatever jumbled mess you would describe
14 what we have now is, is under regulation we knew what the
15 cost of shaving that peak was, what the value of shaving the
16 peak was. That could be reflected directly in adjustment
17 to rates, and we could recapture that.

18 In an efficient market, in principle, that should
19 also be possible.

20 We don't have either one right now. And so when
21 the peak gets shaved, there is no direct connection with
22 that and the cost of covering rates; and that's a real big
23 problem.

24 So we can shave these peaks but then who pays for
25 it?

26 We need to figure out how we're going to have the
27 people who benefit from that peak-shaving pay for the
28 peak-shaving in exactly the proportion that they received

1 the benefit. That's quite a challenge right now.

2 Commissioner Boyd?

3 STATEMENT OF COMMISSIONER BOYD

4 COMMISSIONER BOYD: Thank you, Commissioner Wood.

5 I want to comment that I totally agree with your
6 earlier comments about the fact that in the recent past we
7 were dealing with a dysfunctional market design.

8 Lord knows, you and I sat through many a session
9 cursing that market design and then secondly cursing those
10 who were perhaps taking advantage of that inefficient market
11 design and putting us through what we've been through the
12 last year or so.

13 But I still want to speak to the need to get past
14 that, design a new power program for the future, and take
15 into account what we need to grow the California economy.
16 And, from where I see that will take, looking at the subject
17 of generation. I, for one, am extremely interested in
18 clean, renewable, efficient generation, and I'm also
19 interested in all the efficiencies we can gain through the
20 programs we've been talking about.

21 And I want to make reference to Mr. Weiner's
22 reference to another area of extreme interest to me, and
23 that's biomass and the use of power derived from biomass.

24 Hopefully we'll get to the point where
25 economically we can take into account with many of our
26 programs the many societal noncash benefits that some of
27 these programs yield to us, and at least make mental
28 transfer payments, if not cash transfer, payments to

1 rationalize why we move into that.

2 For instance, biomass does use agricultural waste
3 that would otherwise be burned and pollute the air.

4 We have materials -- we have more trash in our
5 forests than you can imagine that contribute to incredible
6 costs or lead to forest-fire fighting as well as avoiding
7 the burning of those materials, even on scheduled burns, and
8 polluting our air; and we have -- you know, we have cow
9 power; and we have other things that will avoid use -- can
10 use waste or avoid other costs that we engage in our
11 society, such as the huge volumes of cellulosic materials
12 that we put in our local dumps, and what have you.

13 So hopefully we can continue to integrate all of
14 these programs into that future that California needs,
15 and -- and some of it is going to need additional
16 generation, but hopefully clean, highly-renewable, highly-
17 efficient, and society-beneficial generation.

18 COMMISSIONER WOOD: If there are no additional
19 comments --

20 COMMISSIONER ROSENFELD: I'll make one.

21 COMMISSIONER WOOD: Okay. Great.

22 Commissioner Rosenfeld.

23 STATEMENT OF COMMISSIONER ROSENFELD

24 COMMISSIONER ROSENFELD: This is a brief comment to
25 Scott Weiner who spoke about thermal energy storage.

26 I just want to have you notice that the Energy
27 Commission is trying to do the right thing there.

28 I don't know whether you heard Scott Matthews say

1 that on our new building standards, we are reevaluating
2 everything assuming what are called time-dependent valuation
3 of electricity, which means that without any discussion of
4 market power or whatever, it's still quite clear, just from
5 the engineering, that electricity in the evening costs maybe
6 only half of what it does on a hot afternoon.

7 We have a model -- the time-dependent model --
8 which, instead of accounting the electricity on the average
9 of something like 10 cents a kilowatt-hour, has it up to
10 something like 14 cents every afternoon late in the summer
11 and down to something like 8 cents at night.

12 Under -- if -- if you use that published kind of
13 an evaluation, then, of course, thermal energy storage comes
14 out to be a deep winner.

15 This is so far only theoretical. It's used in
16 standards.

17 My point would be, as soon as we get to offering
18 time-of-use rates to everybody in the state, then thermal
19 energy storage will again just be able to do its calculation
20 based on time-of-use rates, and again it will be a winner.

21 But I do think that it is time that we recognize
22 that when we say conservation, we are not really trying just
23 to conserve energy.

24 There is actually plenty of energy on the planet,
25 it's just expensive, and trying to capture photovoltaics
26 is what we -- while we are trying to get the price down on
27 that, what we're trying to do is save money, and that's why
28 we go in for time-dependent evaluation, and that's why we

1 should be offering everybody time-of-use rates.

2 Thank you.

3 COMMISSIONER WOOD: Thank you.

4 On that note, I will turn the Chair over to
5 Director McPeak for the next portion of the of this session.

6 .

7 DIRECTOR MC PEAK: And I will try to take the lead
8 from Chairman Keese and Wood of being efficient in running
9 this segment.

10 We do have now a dozen people from the audience
11 who want to speak and time constraints on Commissioners
12 here, so any time that can be saved by the presentations
13 would be appreciated.

14 Let's start with the Energy Commission
15 presentation on Multiple Sector Programs.

16 Mr. Matthews.

17 MR. MATTHEWS: Thank you.

18 STATEMENT OF MR. MATTHEWS

19 I'm Scott Matthews, the California Energy
20 Commission.

21 Under the section I'm going to talk about our
22 demand forecasting and analysis work, demand-responsive
23 programs, real-time meters, and a brief plug for the
24 website.

25 One of the reasons the Energy Commission was
26 created, in fact, was to do an independent demand forecast.

27 We've been doing that forecast now for 25-plus
28 years.

1 Over the last couple of years our work has been
2 expanded into more real-time assessment of demand
3 characteristics. Lots of independent, smaller studies of
4 demand factors.

5 The administration and the Legislature has called
6 upon us to do a lot of work giving estimates of demand now
7 on a monthly basis, so I should report to you for the first
8 five months of the year 2002, the peak has declined about
9 5.2 percent over the year 2000, but it has grown at greater
10 than the year 2001.

11 Nevertheless, we still see it that we're getting
12 a little more than half of the demand reduction we got last
13 year, which is what our assessment shows we're going to need
14 in order to ensure that we have -- have a reliable summer.
15 So far, so good. But, of course, we all are going to
16 continue to encourage everyone to conserve.

17 The demand responsive program's part of our
18 AB 975X work. We have 500-plus customers who have
19 demand-responsive systems installed. This includes
20 communication-metering controls, where these customers have
21 agreed to turn up thermostats, turn down lightings, and
22 other systems, reducing load by 10 to 40 percent. There's
23 about 250 megawatts of potential there.

24 We've already had quite a bit of discussion about
25 the need for better effective, more coordinated programs.

26 Real-time meters: We've got \$35 million to
27 install some 23,000 meters in every customer greater than
28 2000 K -- 200 kilowatts of demand.

1 The PUC, thankfully, required that, when you got
2 one of those meters, you went to a time-of-use rate.

3 We think that now there's about 600 megawatts
4 worth of demand reduction.

5 We'll have all those meters installed by the end
6 of the month.

7 Finally, the Energy Commission, along with all
8 the other entities here, have websites. There's a lot of
9 information on all our websites. During the peak of the
10 crisis last year, we were getting 15 million hits a month on
11 our website.

12 All the programs that I've discussed and all the
13 PUC programs are on the PUC website, so look at our
14 websites.

15 Every one of them also links to data -- to a
16 rebate database where, no matter where you live in
17 California, no matter what kind of customer you are, you can
18 find out what kind of rebates apply to you for what kind of
19 factors.

20 .

21 DIRECTOR MC PEAK: Precisely the three minutes you
22 were allotted, Mr. Matthews.

23 For the California Power Authority, Laura Doll.

24 STATEMENT OF MS. DOLL

25 MS. DOLL: Laura Doll.

26 Yes, thank you.

27 Two programs to talk about here, one that we put
28 under multisector because it isn't really residential and it

1 really isn't commercial, it's a wholesale program that we're
2 calling Demand Reserves Partnership. I think it builds on
3 what I understand the Commission did yesterday with 20/20,
4 kind of looking at what might happen this summer. This one,
5 however, focuses on the business side and -- rather than
6 residential and is going into effect July 1st to provide
7 this year 500 megawatts of dispatchable load reduction.

8 Am I getting feedback? I'm sorry.

9 ALJ HALE: Pull your microphone closer to you.

10 MS. DOLL: And we're doing this in a contract with
11 the Department of Water Resources and in conjunction with
12 the ISO.

13 Energy Commission has been very helpful, as
14 always, in providing a great deal of technical support and
15 support for the numbers again on this, as has the PUC.

16 The only other program I'd mention, again
17 building off Scott's reference to the \$35 million in meters
18 that were installed for the over-200 kW group, we're going
19 to provide some financing, a sort of fill-the-gap financing
20 for companies that want to install meters to those customers
21 who didn't qualify for that program; and this is something,
22 building again off of Director Vial and Vice Chair McPeak's
23 comments earlier -- this is -- has been a special interest
24 of the CPA Board, I think, in trying to support time-of-use,
25 real-time metering, get it out there as quickly as possible
26 to customers in California.

27 So, that's it.

28 DIRECTOR MC PEAK: Also within time.

1 From the California Public Utilities Commission,
2 Barbara Hale.

3 STATEMENT OF ALJ HALE

4 ALJ HALE: Thank you, Vice Chair McPeak.

5 I won't take the full three minutes.

6 I just want to highlight two aspects of what the
7 PUC is doing with respect to multisector:

8 First is education and outreach.

9 All of the programs that the investor-owned
10 utilities are administering include a component of education
11 and outreach.

12 I'd like to call out, though, in particular the
13 statewide marketing and outreach efforts that the Department
14 of Consumer Affairs has been funded and Univision Television
15 Group has been funded more recently this year. That's
16 \$10 million worth of funding for energy-efficiency
17 advertisements.

18 You've already started to see those. We've tried
19 to make sure we reached Californians at all levels, and in
20 at least two languages through that aspect of the outreach
21 and education effort.

22 The other aspects of our outreach and education
23 effort are multilingual and try to reach other low-income
24 sectors of California's customer groups.

25 I also want to mention that as an important
26 component of California's energy-efficiency programs, we
27 conduct measurement, verification, and evaluation. All of
28 the agencies do. I'm not sure if Mr. Matthews mentioned it

1 with respect to the CEC, so that's why I make special
2 mention of it. We all do that.

3 Some of the commenters had mentioned the
4 importance of that. It can be expensive, but it pays off in
5 the long run to know whether we really are getting what we
6 intended.

7 Ms. Doll mentioned the 20/20 Program. It's not a
8 multisector program; it's a residential-only program this
9 year -- that distinguishes it from last year -- and it was
10 just adopted yesterday by the Public Utilities Commission.

11 Thank you.

12 .

13 DIRECTOR MC PEAK: Thank you.

14 In the interest of accommodating Commissioner
15 Peevey's schedule, we're going to allow Mr. Peevey to
16 address us at this point.

17 STATEMENT OF COMMISSIONER PEEVEY

18 COMMISSIONER PEEVEY: This will be brief.

19 First, I just want to say that I think the
20 turnout here today is rather amazing.

21 I know there was some skepticism --

22 Does this work?

23 I think there was some skepticism that if we
24 call- -- we had this quadruple or this Hydra-headed meeting
25 here, that you'd call the meeting and no one would come.
26 That's been belied by the facts. The turnout is rather
27 extraordinary, and it shows me that the agencies such as our
28 own having public meetings and en bancs and all, you'll get

1 this similar kind of turnout; and I would hope that, you
2 know, we continue that kind of policy or expand that kind of
3 policy for PUC.

4 It is unprecedented to have all the Commissioners
5 up here.

6 The Warren-Alquist Act was passed in 1974 and, to
7 the best of my knowledge, there's never been a meeting of
8 all the -- the PUC and the CEC, let alone the two plus the
9 CPA. It's never happened before.

10 So that's kind of a breakthrough.

11 And the origins of the idea -- while David
12 Freeman sent a memo around on it, the origins of the idea to
13 have this meeting came from the person on my left, Sunne
14 McPeak, who thought, as someone who is not full-time in
15 government, why don't you all talk amongst yourselves.

16 (Laughter)

17 COMMISSIONER PEEVEY: It seemed like a somewhat
18 revolutionary idea at first, but it's turned out to have
19 some efficacy, as I think is indicated here.

20 My hope would be -- and I'll just share the view,
21 because I have to leave now, regrettably -- is that we build
22 on this meeting today and this get-together today, and that
23 we try to do this orderly.

24 Every month, this wouldn't work, it's too
25 frequent, we can never get the people together. But if we
26 tried to do it quarterly I think it could work; that would
27 be number one; and

28 Number two, that the proper staff from each of

1 the three entities get together in the interim and have
2 an ongoing dialogue, and perhaps they can be joined by a
3 Commissioner or two or member from each of the agencies who
4 has a particular acute interest in the topics; and

5 Finally, I'd like to see, if we do meet
6 quarterly, at the next meeting we talk a bit about something
7 that was touched on here just a couple of moments -- minutes
8 ago, and that is generation.

9 We haven't talked about generation, but
10 California -- there's so much that can be done with these
11 three agencies.

12 With the Power Authority having finances, and
13 with the PUC and the Energy Commission having approval
14 authority, we can do a lot. And we have a lot to do, not
15 only in the renewable area, which we all are committed to in
16 varying degrees going forward in the next 10 years, but also
17 in the -- we have an awful lot of megawatts, tens of
18 thousands of megawatts of tired plant in this state, gas-
19 fired plant, that needs retirement or refurbishing, and the
20 question is who's going to do that, under what
21 circumstances. And we could provide some leadership in
22 doing that as we go forward -- Carl calls it this
23 crazy-quilt system we have, but I'd call -- I'd prefer a
24 word like hybrid, which has a somewhat more positive
25 connotation, perhaps.

26 But there is a lot that can be done I think
27 within that context of the hybrid system as we go forward
28 the next several years to help meet the generational needs

1 of the State of California, and I'd like to see that as
2 a topic for the next meeting if in fact there is a meeting
3 in the near future.

4 With that, I am sorry. I have to bid adieu.

5 Thank you very much, Madam Chair.

6 DIRECTOR MC PEAK: Thank you, Commissioner Peevey.

7 We appreciate very much everyone's patience here,
8 and we are going to move to the public comment.

9 The number of people who want to speak has only
10 grown. I think we're now at 13.

11 If we you could try to do the minute and half and
12 signal, and I'll also give the folks at the podium a high
13 sign, I would appreciate that.

14 I'll call you in groups of three. And if you
15 could maybe move down to the podium and even off to the side
16 so, as Chairman Wood suggested, we don't have time lost in
17 between.

18 Steve Hall -- or, excuse me -- Steve Hill, Todd
19 O'Connor, and Bill Ahern.

20 So if Todd and Bill could also move down and be
21 ready, I'd appreciate it.

22 Mr. Hill.]

23 STATEMENT OF MR. HILL

24 MR. HILL: Steve Hill with Modesto Irrigation
25 District. Thank you very much for the opportunity.

26 I endorse the last comments. I'd love to see a
27 meeting like this held for generation as well as strictly
28 for renewables.

1 At Modesto Irrigation District, we're doing a
2 fairly good job with demand management, but we're struggling
3 with renewables.

4 For instance, the gentleman here made a comment
5 about biomass. We did a study that found Stanislaus is the
6 fourth largest area in the country for dairy, cows.

7 We found out it takes 200,000 cows to run a
8 30-to-40 megawatt plant. That's a lot of manure. That's
9 three-and-a-half thousand tons a day to run a 30-to-40
10 megawatt plant.

11 I suggest the logistics of getting that manure
12 together in a central place is pretty dog-gone impossible.

13 But we're quite excited about the notion of
14 biodiesel, but nowhere in the Senate bill, in 530 or 532, do
15 we read anything about biodiesel. And so we would like to
16 work with you on seeing what we could do to come up with a
17 condensed way of transporting at a more dense way -- of
18 transporting those fuels.

19 Second of all, in terms of distributed
20 generation, I was interested in the comments of building
21 standards. I'd like to find out what your standards are.

22 Hopefully, you're working with NEC, because
23 there's a poor utility-line worker on the other side
24 sometimes thinking about the safety of the people in the
25 house. Sometimes you can get backfeeding when you go
26 through transformers. Even though it may be 120 volts, you
27 can kill a guy on a utility line. So hopefully, that is
28 being done.

1 And thirdly -- and I'll sit down with this -- I
2 would love to see a consistent definition of what
3 distributed generation means and self-generation, because we
4 could probably ask everybody in this room and we would all
5 have a different definition, and we need that to be able to
6 forecast what loads are out in the future.

7 .

8 DIRECTOR MC PEAK: Thank you, Mr. Hill. We will take
9 that assignment.

10 Mr. O'Connor.

11 STATEMENT OF MR. O'CONNOR

12 MR. O'CONNOR: Thank you and good morning.

13 I'd like to echo the recommendations to have
14 these meetings done on a quarterly, if not, semi-annually
15 basis and held throughout different parts of the state.

16 I'd also like to recommend that you add
17 renewables as part of the items to be discussed, especially
18 if the renewable portfolio standard is going to be passed.
19 I urge the stakeholders here to get active in getting that
20 passed.

21 We all have an interest in making sure that
22 renewables is considered in the mainstream of our energy
23 policy. And specifically, I would like to ask that there's
24 more consistency and that there is a common list of
25 technologies, products and systems that all the agencies use
26 for their different incentive programs.

27 There's an anomaly. Under the CEC renewable
28 investment emergency technology program, a customer using a

1 microturbine on biomass qualifies or can qualify for that
2 program. However, that customer cannot qualify for the
3 self-gen renewable grants.

4 So while there may be a legitimate reason for the
5 discrepancy, I think there's an overriding reason for
6 consistency among technologies, products and systems.

7 Thank you.

8 .

9 DIRECTOR MC PEAK: Thank you.

10 Bill Ahern, followed by Steven Schiller, followed
11 by Greg Karras.

12 STATEMENT OF MR. AHERN

13 MR. AHERN: Thank you, Commissioners, Bill Ahern with
14 Consumers Union.

15 I feel sort of two minds here. I'm extremely
16 heartened to see three agencies here today. And hopefully
17 you will avoid the kinds of problems that the FBI, the CIA
18 and INS have been having, and this is what you need to do to
19 prevent those kinds of problems, so I encourage this very
20 much.

21 But to be a little bit critical, this is the
22 patchwork of 77 different programs that have been initiated
23 over different time periods for different priorities to meet
24 different needs.

25 The Energy Commission was created to prevent the
26 construction of nuclear power plants, and it was very
27 successful with the energy efficiency programs.

28 The QF program that the PUC was creating to

1 prevent a coal-fired power plant in the Delta was very
2 successful in doing that. We have cogeneration and
3 renewables all over the state.

4 What is the current priority, what is the current
5 problem that you as the energy leaders need to be dealing
6 with?

7 Well, as Commissioner Rosenfeld said: "It's the
8 peak, Commissioners. It's the peak now." Why is it the
9 peak? Everybody's moving to Temecula and Tracy. That's one
10 reason in California. Everybody's moving to where it's hot.

11 What else? We have a competitive wholesale
12 market somewhat regulated by the Federal Energy Regulatory
13 Commission. Who's responsible for reliability? We still
14 don't know.

15 There's a terrific staff working group working on
16 ACAP and AFEC focusing on the ISO. That needs to be dealt
17 with.

18 .

19 DIRECTOR MC PEAK: Thank you, Bill.

20 MR. AHERN: It's the peak.

21 .

22 DIRECTOR MC PEAK: It's the peak, not the McPeak.

23 Okay, Steve Schiller, Greg Karras and Mike Rufo.

24 STATEMENT OF MR. SCHILLER

25 MR. SCHILLER: Thank you. Thank you for the
26 opportunity.

27 First of all, I want to also congratulate the
28 Commissioners and Directors in getting together and doing

1 this. I think it's wonderful, so thank you.

2 Also, the comments made earlier about the PUC and
3 the CEC programs last year, I think everybody in the room
4 should be congratulated for their great effort in the
5 crisis.

6 I guess today, I actually have a personal favor
7 to ask. I have the opportunity to really actually work
8 around the world with the kind of things that we have here.
9 And lately it's been a little difficult to show up and say,
10 "Hi, I'm from California. I'm here to help with your energy
11 issues." So I'd like some help with that.

12 (Laughter)

13 MR. SCHILLER: To your request that we talk about
14 2002, I want to say I think we have some problems, some
15 issues that we need to address. And one that I want to
16 speak about today has to do with public discharge funds
17 administration.

18 I think the issues that we have, as some speakers
19 have talked about, is a lack of consistency, and I think
20 that's a major issue. There's some delays in implementation
21 as we are in the middle of 2002 and just giving notice to
22 2002 programs.

23 Unfortunately, there's some animosity between the
24 regulated and the regulator. We have a regulatory process
25 that the PUC has -- that it's required to have -- that was
26 perhaps designed for another thing, not necessarily
27 designing, implementing, selecting and running energy-
28 efficiency programs and, as all the people have talked about

1 which you people have started to address today, is a lack of
2 coordination and, actually, integrated resource planning on
3 these types of programs.

4 But we do have opportunities, and I don't speak
5 of these lightly. First of all, we have a great state. We
6 have enormous opportunity within the state, and we have
7 committed citizens.

8 I'll move quickly to say that the last thing that
9 we have as the opportunity is the PUC has a proceeding on
10 administration. I encourage you to implement that
11 proceeding, to proceed with it, to show leadership in that
12 proceeding and to consider models from other states and, as
13 you move through that, to have a preference for action.

14 .

15 DIRECTOR MC PEAK: Thank you, Mr. Schiller.

16 MR. SCHILLER: Thank you very much.

17 .

18 DIRECTOR MC PEAK: I think Greg Karras is not here.

19 Mike Rufo, followed by Richard Ely and
20 Angela Chuang.

21 STATEMENT OF MR. RUFO

22 MR. RUFO: Mike Rufo with Xenergy.

23 Thank you very much for the opportunity to speak
24 today.

25 Quickly, because the time goes quickly, I wanted
26 to let you all know that we're engaged in several studies
27 right now assessing the remaining cost-effective
28 energy-efficiency potential.

1 Can you hear me okay?

2 And our preliminary results indicate that there
3 is significant remaining achievable potential that can be
4 acquired in California. However, our estimates of
5 remaining -- cost-effective energy-efficiency potential are
6 very sensitive to assumptions about avoiding costs and rates
7 over the next ten years. Therefore, we've got scenario
8 analysis.

9 However, I would concur; I think the critical
10 issue for energy efficiency right now is valuing energy-
11 efficiency savings through a rationalized process. Whether
12 you want to call that integrated resource planning or
13 portfolio analysis, it doesn't matter, I don't think, what
14 you call it.

15 I think the proceeding -- the procurement
16 proceeding provides an excellent opportunity for doing this.
17 And as part of this process, we need to incorporate the
18 value of energy efficiency as a hedge on wholesale price
19 volatility and as a hedge against future energy crises work.

20 So again my point being, we will need to work on
21 what is energy efficiency worth to us in order to make the
22 decisions for the optimal, achievable potential we should be
23 trying to acquire over the next ten years.

24 Thank you.

25 .

26 DIRECTOR MC PEAK: Thank you, Mr. Rufo.

27 Mr. Ely.

28 STATEMENT OF MR. ELY

PUBLIC UTILITIES COMMISSION, STATE OF CALIFORNIA
SAN FRANCISCO, CALIFORNIA

1 MR. ELY: Thank you, Commissioners.

2 My name is Rich Ely. I work for ADM Associates.
3 We're active in energy efficiency, energy-efficiency
4 implementation, as well as research with virtually all of
5 the agencies here.

6 I think this is a great idea what you've done. I
7 encourage orderly meeting, and I think it should be
8 augmented by the workshop process. California is famous for
9 having supplemental workshops addressing different issues.
10 And having cross-commission workshops, I think, would be a
11 great help.

12 Since I'm limited, I'd like to address one brief
13 point: It is very difficult to produce a market structure
14 that is competitive, whether that market structure is for
15 power generation or energy conservation.

16 Competitive markets are defined -- I pretend
17 sometimes with my little Ph.D. to be an economist -- by the
18 small guy, by the small entrance, by the edge, by the
19 border, not by the core, not by the large central player.

20 What these Commission -- all three Commissions
21 can do in different ways is to encourage the small player to
22 make it easy for the small, 1-megawatt plant to come in, go
23 out. It should be as easy for a person to put on a
24 1-megawatt load as it is to put on a 1-megawatt generator.

25 It is very difficult, it is messy to deal with
26 small deals. Many people are not set up on the small scale
27 to do good accounting that is necessary to deal with
28 commissions. People make mistakes, especially in the

1 research area.

2 To deal with small Commissioners --

3 (Laughter)

4 MR. ELY: To deal with small contractors is very
5 difficult. I encourage you to set up institutions to
6 overcome that.

7 Thank you very much.

8 .

9 DIRECTOR MC PEAK: Thank you, Mr. Ely.

10 Angela Chuang, Kurt Kammerer, Greg Ashley.

11 STATEMENT OF MS. CHUANG

12 MS. CHUANG: Hi, I'm Angela Chuang from ALSTOM ESCA.

13 ALSTOM ESCA is a supplier to ISO's utilities and
14 market participants of real-time systems and projects.

15 COMMISSIONER BROWN: I can't hear you. I'm sorry.

16 MS. CHUANG: -- supplier of real-time systems to
17 ISO's, Independent System Operator's, utilities and market
18 participants, including generation, transmission,
19 distribution projects.

20 What I'm going to comment on are my own comments
21 from what I realized in the doctorate program at Cal on
22 market redesign.

23 There has been an inherent problem in the design
24 of the markets in terms of capacity reserves. And since the
25 first summer of ISO operation in 1999, we've found great
26 volatility in the capacity of research markets in terms of
27 the prices.

28 And is it no wonder that in a market that's

1 designed such that the ISO sets demand for reserves such
2 that it's willing to pay anything for it, that we are paying
3 anything for energy?

4 And one way to remedy that is to separate out the
5 reliability charge from the energy commodity. In the past,
6 we had bundled electricity service. These were combined.

7 We're in a competitive market. We have separate
8 markets for reliability, separate markets for energy. We
9 should separate that out on the bills to the end-use
10 customer.

11 And my organization has proposed to a local
12 utility a proposal for implementation of just that. It's
13 called priority load shedding program, and it can be
14 implemented under the OBMC. And we have a paper we can
15 forward to you if you're interested.

16 .

17 DIRECTOR MC PEAK: Thank you, Ms. Chuang.

18 Mr. Kammerer.

19 STATEMENT OF MR. KAMMERER

20 MR. KAMMERER: Good morning, Kurt Kammerer, San Diego
21 Regional Energy Office.

22 I must first request forgiveness of
23 Commissioner Wood in not focusing on the near term.

24 While we're very pleased in San Diego that this
25 summer -- looks like we'll get through this summer okay,
26 we're extremely concerned with the years 2004 to 2006.

27 We have embarked in an integrated resource
28 planning process in San Diego where we're looking at the

1 infrastructure needs through 2030.

2 The projection of those needs, we see demand
3 increasing by 117 percent. And even with aggressive pursuit
4 of energy efficiency and demand generation -- and I say
5 "aggressive." I mean energy efficiency making up nearly
6 9 to 10 percent of total demand and 25 percent of
7 incremental demand in the next 30 years and distributed
8 generation making up nearly 45 percent of incremental demand
9 and eventually 23 percent of total demand.

10 We will still need to build an excess of five
11 power plants -- the equivalent of five power plants in
12 San Diego. Now, we cannot even build one power plant in
13 San Diego.

14 As you're well aware, the Otay Mesa Power Plant
15 is significantly delayed due to the fiscal markets. We
16 cannot build a transmission line in San Diego.

17 So what I implore is we do get back the
18 integrated resource planning, we look at the long-term value
19 of these efficiency and distributed resources, and, as the
20 previous speaker said, look at the true value of these
21 resources.

22 It's not the avoided cost of the least-cost
23 generators; it's the cost of capacity.

24 What we've also seen is capacity values in the
25 near and long term are going to be very, very high,
26 particularly in San Diego and in these constrained regions.

27 So I think we're underestimating the value of
28 distributed generation and efficiency.

1 Thank you.

2 .

3 DIRECTOR MC PEAK: Thank you, Mr. Kammerer.

4 Greg Ashley, followed by Bud Beebe, followed by
5 Marcel Hawiger.

6 STATEMENT OF MR. ASHLEY

7 MR. ASHLEY: I'm Greg Ashley, and I'm a concerned
8 energy activist and participant in business here.

9 I just want to restate a lot of points that were
10 already made:

11 Net metering is critical. It is for all
12 renewables, and that should be locked in.

13 Cow power, horse power, tree power, straw power,
14 rice power, all those things need a lot of help, and one
15 missing party here is air boards.

16 Air boards stand in the way of a lot of combined
17 heat and power projects as do the interconnect rulings.

18 And to point out what Jeff had to say, Rich had
19 to say, exit fees really have to be eliminated for all
20 combined heat and power. And the economy here is in bad
21 shape. It's the money: Show me the money.

22 The customers are going to keep saying that. You
23 got to make it easy. It's got to be cost-effective. You
24 got to get the barriers out of the way.

25 Thank you.

26 .

27 DIRECTOR MC PEAK: Thank you.

28 Mr. Beebe.

1 STATEMENT OF MR. BEEBE

2 MR. BEEBE: Good afternoon. My name is Bud Beebe.

3 I'm with the Sacramento Municipal Utility
4 District. We are the publicly owned utility in Sacramento,
5 California.

6 I greet you here to assure that as we develop our
7 own programs in Sacramento for energy efficiency, renewable
8 energy and energy-related RD&D, we are ever cognizant of the
9 programs and policies that the three entities here support
10 as well.

11 You know, at times our programs sort of augment
12 your programs. At times they complement other programs in
13 the state, and at times we feel that perhaps elements of
14 programs that are good for other parts of the state may be
15 insufficient in value to be useful in Sacramento. But we
16 try to do a good job.

17 And one of the keys to Sacramento's success is
18 that our programs can be applied to a local, relatively
19 homogenous climactic and economic area. That's important.
20 You know, in our ability to craft and administer our
21 programs, it's important to the program's success, but we
22 don't do this in a vacuum.

23 I assure you that the leadership provided by your
24 three agencies' authorities and Commissions are providing
25 great resources to SMUD at all times.

26 And if I have time just shortly to throw out two
27 things for public discussion, you know, these programs tend
28 to -- that we do mostly tend to incentivize the consumer

1 reaction to things. But as consumers look for ways to act
2 on these incentives, they need high-quality, high-value
3 products to choose from.

4 And I believe that the State of California
5 manufacturing is under-represented relative to the
6 incentives and markets that we provide. And I'll talk to
7 you probably at the next quarterly meeting of this session.

8 (Laughter)

9 .

10 DIRECTOR MC PEAK: Thank you, Mr. Beebe.

11 Marcel Hawiger, Jan Pepper and Richard Becker.

12 STATEMENT OF MR. HAWIGER

13 MR. HAWIGER: Thank you very much, and I really do
14 appreciate your indulgence in letting me speak for a third
15 time still.

16 .

17 DIRECTOR MC PEAK: We're noting that.

18 (Laughter)

19 MR. HAWIGER: Thank you.

20 I'll try to say different things, but two points,
21 one regarding real-time metering.

22 TURN probably stands -- will stand in the
23 minority in this issue at times, and that is because we are
24 concerned about who benefits and who pays.

25 And I want to echo what Commissioner Wood said:
26 A lot of the motivation for real-time pricing, real-time
27 metering, is driven by this idea that if we only had demand
28 response during the energy crisis, there would have been no

1 crisis.]

2 If you look at the facts of when the outages --
3 the stage-two alerts occurred, it totally belies that, and
4 it's just a myth. The demand response and level of demand
5 had nothing do with the crisis at that point.

6 What I would suggest --

7 And going forward, we have that problem. What is
8 the value of the peak power? As we have the long-term
9 contracts, it's going to be difficult to figure out who
10 benefits how much. And TURN actually authored the first
11 study in 2000 showing that peak conservation has multiplier
12 benefits, but that's no longer true without the PX.

13 So what I would suggest is -- the CEC did a great
14 job. We've installed 23,000 real-time meters. Let's
15 develop the tariffs to use that before we waste a lot of
16 time figuring out how much to expand real-time metering
17 for residential.

18 If I may just close on a personal note, I moved
19 into a condo development last year in Pleasant Hill that may
20 be the only new development in eastern Contra Costa County
21 that has no central or -- no central air conditioning, no
22 room air conditioners, totally passive cooling. And we're
23 looking at buying a 10 kW PV system, and can only do it
24 because of the rebate program, so it's a great program.

25 Thank you.

26 .

27 DIRECTOR MC PEAK: Thank you. Mr. Pepper -- or
28 Jan Pepper. Ms. Pepper.

1 STATEMENT OF MS. PEPPER

2 MS. PEPPER: My name is Jan Pepper, with Enertron
3 Consultants, and we work with renewable facilities to
4 navigate the California energy market.

5 I want to provide a brief comment about a small
6 generation facility that is in a bind. There is a new
7 renewable generation facility that is powered by landfill
8 gas in Monterey County. This 1-megawatt plant built by a
9 public agency is ready to come on line next week. It was
10 built quickly in response to the governor's request last
11 year for more power, and in particular, more renewable
12 power.

13 Although this project has a letter of intent from
14 the Power Authority, we have been unable to obtain either a
15 short- or long-term contract for this facility from the
16 Power Authority, the Department of Water Resources, or PG&E.
17 Additionally, the power cannot be sold directly to a load,
18 since direct access has been suspended.

19 This is an example of a renewable facility that
20 was built to help the state meet its power needs. However,
21 it had been caught in the continually changing energy
22 policies of the last year.

23 We ask your help, as representatives of key
24 energy agencies, to secure a contract for this small,
25 in-state, new, renewable facility.

26 We encourage future cooperation between your
27 agencies to help develop consistent policies and actions so
28 developers of clean, renewable facilities in California can

1 actually obtain a contract to sell their renewable power in
2 California.

3 Thank you.

4 .

5 DIRECTOR MC PEAK: Thank you, Ms. Pepper.

6 Richard Becker, and Jack Mador.

7 STATEMENT OF MR. BECKER

8 MR. BECKER: Good afternoon.

9 I just sat out here and got a little confused. I
10 mean I've heard Commissioner Wood talk about we don't have a
11 supply problem. And yet all these activities and comments
12 have talked about a supply problem, and how are we going to
13 reduce demand. So I guess the California Power Authority
14 probably wouldn't have been formed if there hadn't been a
15 supply problem. I mean the original intent was to build
16 5,000 megawatts of additional reserve, so why are we -- why
17 is it being said there there's not a supply problem, when I
18 think there is definitely a supply problem?

19 And, as one of the earlier speakers said, it is
20 the peak. That's what we've got to worry about. That's
21 what we've got to focus on.

22 So providing funds for projects that are going to
23 be base loaded or throughout the year -- that is not really
24 where we need to focus your time. It is peak shaving;
25 that's what it's all about.

26 As far as new generation, new generation -- large
27 new generation is most cost effective. It's the most
28 efficient, less polluting. More new generation would retire

1 some of this older generation just by cost effectiveness
2 alone. So I mean I'm glad that Commissioner Peevey thinks
3 that that ought to be on the agenda for next meeting,
4 because I think new generation is one of the solutions.

5 Thank you.

6 .

7 DIRECTOR MC PEAK: Thank you.

8 Mr. Mador.

9 STATEMENT OF MR. MADOR

10 MR. MADOR: Yes. First I'll say good afternoon. My
11 name is jack may door, USCL Corp., a relatively newer player
12 on the block -- integrated real-time metering and
13 conservation.

14 I think our view of some suggestions to the joint
15 meeting today is that when you look at the opportunity on
16 the residential side, which also correlates to all those
17 voters out there that know that people have the votes even
18 though they only have 35 percent of the power consumption,
19 we need to start looking at some coordination between being
20 able to put dense test areas in place, because that's the
21 only way we get the economic benefits to the utilities and
22 the consumers for all the benefits of integrated real-time
23 metering.

24 We need -- as I believe Marcel pointed out, to
25 piggyback on his comments, we need the rate structures to go
26 along with that. And we need the coordination on the
27 billing structure to be able to have costs net against
28 savings, so that the true net net savings available out

1 there can be produced and put through on the rate structures
2 and billings.

3 And so that's some coordinated items, and we
4 appreciate your time.

5 .

6 DIRECTOR MC PEAK: Thank you. That concludes the
7 speakers who had requested with a card to address us at this
8 time. And our agenda calls for comments on this segment of
9 the program, then closing comments.

10 I want to suggest that we actually combine them,
11 and give every one of the Commissioners and Directors a time
12 to comment. And I'll try to draw from you as you volunteer,
13 but I'm going to mix it up among the bodies.

14 So I see that Chairman Keese has already
15 volunteered. So, Bill --

16 STATEMENT OF COMMISSIONER KEESE

17 COMMISSIONER KEESE: I volunteered because I was
18 going to make the same suggestion, and I'm very glad you
19 did. And I think this last dialogue, in which the pace
20 seemed to pick up and the heartbeat seemed to pick up -- so
21 I would really like to follow on that.

22 You know, California has done tremendously in
23 this area. The fact that the three of us are meeting for
24 the first time to deal with coordination shouldn't have
25 anybody thinking we're behind. I hear of rice power, and
26 cow power, and wood power. The rest of the country is just
27 barely starting to look at these things. Thermal reserves,
28 real-time metering. I mean, mean we're way ahead of the

1 rest of the country. Now we should stay there.

2 Just to look at a couple of things, the building
3 standard and the appliance standards that we have in
4 California, we believe, very solidly reduce peak demand in
5 California by over 10 percent. Well, we can do more. And
6 we have PUC programs, and we will have other programs that
7 will bring it down even further.

8 I certainly take Mr. Peevey up. Carl, we'd be
9 happy to host the next one. We'd be happy to look at doing
10 it in generation. And we'd be happy to look at the
11 three-month time frame. I know we have plenty of things on
12 our agenda. It took us three months to put this program
13 together, folks, but you've got to realize we're walking.
14 You can walk with us. We'll walk together. We're not ready
15 to jog, and the marathon is a long ways away. So let us
16 start working slowly, collaboratively, and see what areas we
17 can do it in.

18 You know, I have to -- I just have to say to
19 Bill Ahern, and to another speaker who spoke here: I'd like
20 to generalize it more. It's not just the peak; it's demand
21 response, demand response, demand response.

22 We need lots of things. We need energy
23 efficiency to bring down that peak. We need renewables to
24 bring down the peak. We need to all sorts of things, but
25 it's all in this idea of giving us -- empowering the people,
26 the businesses, to respond.

27 What we did last year -- an economist gave a
28 little story that I thought was very cute. In this botched

1 deregulation that we did, which gave market power to all
2 sorts of people who exercised it, we said we want a real
3 strong generation side, very competitive. And we want to
4 take the demand side and fix the price.

5 Now clap louder.

6 It didn't work. If we don't get demand response
7 here, we can't clap.

8 Integrated resource planning. It -- you know,
9 it's -- I think we've got to get rid of that word
10 "integrated." I'm real glad San Diego's going to do it. I
11 know the PUC's working on it. The Energy Commission has
12 been charged with for 25 years. The Power Authority's
13 looking at it. The Department of Water Resources is
14 thinking about where they should buy. I hope every city in
15 the state does it. That ain't integrated. That's
16 multiplanning for lots of scenarios, but it is not
17 integrated.

18 We need some kind of coordination in which we do
19 our planning, and we're all planning for the same thing.
20 Maybe this is the start of that.

21 I've gone beyond my time. I yield.

22 .

23 DIRECTOR MC PEAK: Thank you. Who would like to be
24 next?

25 Director Vial -- former Commissioner Vial, and
26 Director Vial.

27 STATEMENT OF DIRECTOR VIAL

28 DIRECTOR VIAL: I don't want to quibble about

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1 integrated resource planning, but "integrated" means
2 integrating all the options; it doesn't necessarily mean
3 geographically. So I think most of us, when we talk about
4 integrated resource planning, we're looking at the mix of
5 resources. And we were particularly interested in the
6 reading of that mix. And that's what a bunch of that has
7 been about this morning, but I want to pick up on what
8 Commissioner Peevey said, and where I think there's some
9 consensus really -- I think very strong consensus -- that
10 this is only a beginning.

11 And if we're going to be meeting quarterly, and
12 if we're going to be dealing with issues that, for example,
13 concern Bill Ahern/Consumers Union, that we need to build on
14 the kind of working relationships we now have between staff.
15 There's a lot of staff interrelationship, but that staff
16 interrelationship lacks the involvement of commissioners.
17 And I think what is really most important in preparing for
18 the next meeting is that we designate maybe three or four
19 areas in which we have work groups with staff, but with
20 participation of commissioners from each of the
21 organizations, so that we can come back and we can discuss
22 and review agency programs and policies, and develop some
23 strategies to implement. And I think this is the most
24 important thing that we can do at the present time.

25 And a motion's necessarily if we desire to do
26 this, but we certainly ought to be committed to it. And we
27 need to designate the areas. And I'd been kind of playing
28 around with this last night and this morning, but I would

1 kind of pool the areas together in which we need work groups
2 as: conservation, demand response, energy efficiency, and
3 with the integration of the advance metering technologies
4 which are a critical part of all of that. Another area
5 would be the renewables and distributed-generation programs,
6 and development of options or strategies in these areas.

7 And the third -- and I think the one that
8 Bill Ahern has mentioned -- is: we have reliability issues
9 and problems. And we have responsibility for reserve
10 requirements, reserve margins, and we have transmission
11 problems. They're out there. That -- these are areas that
12 we really have to focus on on an interagency basis, and come
13 up with some strategies for doing it.

14 Because we are a state, we have to work also with
15 the fed policies. And we know what those fed policies are.
16 Those fed policies are policies to have more merchant
17 vendors, to have an integrated distribution transmission
18 system to accommodate more competition in wholesale market.

19 Now, these areas are all things that we need to
20 be dealing with. So I -- you know, I may be speaking too
21 long here, but I really do think it's terribly important for
22 all us to commit to ordering meetings, but having work
23 groups with commissioner participation among the three
24 agencies, to make sure that we're going to be bringing back
25 strategies, alternative options for dealing with these
26 issues, and discuss them with the public and get their views
27 on it.

28 Thank you.

1 .

2 DIRECTOR MC PEAK: Yes.

3 STATEMENT OF COMMISSIONER BOYD

4 COMMISSIONER BOYD: Thank you. First, I want to say
5 I am really pleased to have had the opportunity to be here
6 and participate with all of us in this discussion of where
7 we're going in the future.

8 And I also want to thank the staff for the work
9 they did in putting this together. I happen to know how
10 many hours some of them put into this, because there are a
11 few of us commissioners and directors who do interact in
12 some of these submeetings, and see how some of these folks
13 are doing.

14 I guess I, too, want to curry favor with
15 Bill Ahern by mentioning his name. And what he said -- he
16 always surprises me with his unique ability to cut to the
17 quick so eloquently. The thing I'm going to pick out that
18 he said that I thought was incredibly important is: Where
19 are we going? You know, what is the future design of the
20 California electricity program?

21 And I think we need -- and we are, by working on
22 these issues, but I think we really need to focus in on
23 that, because I think once we decide that, we will be able
24 to dispose of how to pay for that mortgage that we had to
25 take out to keep California afloat. And I don't fault that
26 mortgage, but it is raising a lot of the hurdles that we
27 talked about today that -- given the way of some of these
28 pieces of the puzzle that we want to put back together.

1 So I totally endorse the idea of us meeting
2 regularly. It seems to be a universal thing.

3 And I think in designing the future, you know, I
4 won't call it "integrated planning." I'll just call it kind
5 of "total system planning"; that we need to integrate all of
6 what we've talked about and want to talk about in the future
7 into an idea of where California needs to go in the future
8 in order to fulfill the dream that was laid out, then never
9 achieved, and then integrate the pieces that we're so much
10 talking about.

11 And I think by having these meetings, we're
12 walking towards that. We've needed a breather, and I think
13 it's now time to start seeing where we should be going, so I
14 look forward to this opportunity.

15 .

16 DIRECTOR MC PEAK: Thank you.

17 Commissioner Brown.

18 STATEMENT OF COMMISSIONER BROWN

19 COMMISSIONER BROWN: If I can get this -- thank you.
20 I never know where the microphone is on or off. Thank you
21 very much.

22 Yes, I endorse the idea of quarterly meetings. I
23 think this has been tremendously useful.

24 I know we at the Commission are really struggling
25 with the DG issues, the issues of exit fees, the incentives
26 that are created for renewables and new forms and new
27 technologies in energy markets, but I'd just like to
28 conclude by saying that I really look forward in my next

1 four years to these type of meetings, and working closely
2 with each of you, because I cannot only learn something, but
3 I can also provide some resources.

4 Thank you.

5 .

6 DIRECTOR MC PEAK: Thank you. Commissioner Duque.

7 STATEMENT OF COMMISSIONER DUQUE

8 COMMISSIONER DUQUE: This has been an extremely
9 worthwhile meeting. I think it bodes well for the future.
10 All of you sitting out there, I think, see that there is a
11 consensus amongst those of us up here. And I think you will
12 see this continuance. It's a great thing.

13 .

14 DIRECTOR MC PEAK: Thank you.

15 Director Lloyd.

16 STATEMENT OF DIRECTOR LLOYD

17 DIRECTOR LLOYD: Good afternoon. I, too, really
18 appreciate on behalf of the Treasurer, Phil Angelides, the
19 opportunity to be here for members of the public, fellow
20 commissioners, and board members and our staff. There are
21 some unique perspectives that each of these agencies and
22 each of the constituency groups represented out there bring
23 to these very important issues. And it's a unique time to
24 be able to do all that in the course of a morning.

25 I think it's important to recognize that: both
26 the need for coordination amongst these agencies, and also
27 the very unique role that each one plays. And we each do a
28 have a specific mission, and that is going to color our

1 vision about priorities, because we each have something that
2 we've been designed to do.]

3 And in that vein, for the California Consumer Power
4 and Conservation Financing Authority, I want to say again,
5 there -- each word in that title means something, and I know
6 because I helped draft the legislation to put it there.

7 (Laughter)

8 MS. LLOYD: And I think if we look at consumer power,
9 it's both about the generation capacity but it is also about
10 making sure that California consumers have the power to
11 control their own destiny in the energy future that we face.
12 And if working together as groups can help assure that, then
13 we will be accomplishing something worthwhile.

14 Thank you.

15 .

16 DIRECTOR MC PEAK: Thank you.

17 Commissioner Pernell.

18 STATEMENT OF COMMISSIONER PERNELL

19 COMMISSIONER PERNELL: Thank you.

20 First of all, let me thank you, Director McPeak,
21 for this brainchild, and regardless of Mr. Freeman, he even
22 acknowledged that this was your idea.

23 (Laughter)

24 .

25 DIRECTOR MC PEAK: I told him not to.

26 MR. PERNELL: So I want to thank you for that and for
27 this opportunity as well as, again, the CPUC for their
28 hospitality, and, of course, all of the representatives of

1 the three agencies that have contributed to this,
2 particularly -- particularly Ms. Hale -- Barbara Hale, who
3 kind of took the lead on it from the meetings that we had at
4 the Power Authority.

5 I only have two comments.

6 First of all, I would agree with my colleagues
7 that we should continue this. But my comments -- one of
8 them is to address what I think is a myth, and the other one
9 is to challenge agencies and the audience and associations
10 and organizations.

11 First of all, the myth is the fact that we
12 don't -- as energy agencies, we don't talk or we don't
13 coordinate or somehow we don't get along, and I want to
14 address that because that is as far from the truth as I can
15 imagine.

16 We have always had communication with the PUC: I
17 have worked with Commissioner Duque on a number of issues;
18 I've called Commissioner Lynch. We're right across the
19 street from Laura Doll and the Power Authority, so, as she
20 knows, I'm always over there.

21 So one of the things that might be a little bit
22 misleading is the way we go about doing our work.

23 And the -- because of the last two years and the
24 challenge -- the energy challenge that we have had, the
25 Legislature has mandated each agency to do certain things
26 and gave us some time frames.

27 For example, the emergency building standards --
28 they gave us 120 days to do that, and we did it in 119, but

1 we didn't call the PUC or do a lot of coordination there
2 because we were mandated to do some things, as was the CPUC,
3 as was the Authority.

4 So because we all went about our work -- our
5 mandated work, it may have seemed that we weren't
6 communicating or coordinating. But I'm here to tell you
7 that we do, we are; and the people at this podium, on this
8 dais, can make the decision to continue that, and it sounds
9 like that that's the decision that has been made, and we
10 will continue that coordination.

11 But it is happening. And it may not seem that
12 way because we were mandated to get certain work done at a
13 certain period of time.

14 My second comment is more of a challenge, and
15 that is state agencies and organizations have limited funds;
16 so I would challenge you to coordinate with each other to
17 leverage those funds.

18 And I would offer as an example something that
19 the Energy Commission as well as three other state agencies
20 and about five different public/private organizations are --
21 are working towards, and that is the collaborative for high-
22 performance schools. That's a public/private collaborative
23 effort to help build 21st Century schools, and that model is
24 being duplicated around the nation.

25 We also have DOE, Department of Energy, working
26 with us.

27 So when you are in a situation where you have
28 limited funds -- which I have limited time now, so I'll

1 hurry up --

2 (Laughter)

3 MR. PERNELL: -- when you have limited funds and we
4 are all wanting -- are moving in the same direction, to be
5 able to collaborate, leverage those funds, and have those
6 dollars go further I think is -- is the way in which we can
7 approach some of the problems of California.

8 And so I would ask that all of you out there, as
9 well as agencies and organizations, begin to think about
10 public/private collaborative efforts, and let's just move
11 California forward.

12 And, again, in conclusion, I do support having
13 these types of meetings.

14 Thank you.

15 .

16 DIRECTOR MC PEAK: Thank you.

17 Commissioner Rosenfeld?

18 STATEMENT OF COMMISSIONER ROSENFELD

19 COMMISSIONER ROSENFELD: I know you're all scared I
20 am going to give you a lecture on real-time meters; I'm not.

21 (Laughter)

22 COMMISSIONER ROSENFELD: And I don't think there's a
23 lot of point in repeating to the -- whatever it is, the 13th
24 time, that this meeting's been a success.

25 I do want to say that I think probably another
26 public meeting is a good idea but even better is Don Vial's
27 suggestion that we get together in working groups with as
28 many Commissioners as the law allows. And I think that's a

1 great idea.

2 And you can guess which groups I want to
3 participate in. So --

4 (Laughter)

5 .

6 DIRECTOR MC PEAK: Thank you.

7 Chairman Wood?

8 STATEMENT OF COMMISSIONER WOOD

9 COMMISSIONER WOOD: That's a new title for me.

10 .

11 DIRECTOR MC PEAK: Today you are Chairman.

12 COMMISSIONER WOOD: Well, I'll exercise the
13 prerogative of the Chair to thank all of you on behalf of
14 the PUC for your participation and attendance here.

15 I also want to, as the other agencies have done,
16 thank all of the staff who put this together, who did the
17 real work.

18 We Directors and Commissioners show up and talk
19 and listen, hopefully.

20 And I'll also mention the folks who are outside
21 of the door, our Public Advisor's staff, who just do a
22 tremendous job in facilitating these events; and I think
23 that they deserve some recognition.

24 One of the last public speakers, Mr. Becker,
25 characterized some of my remarks as saying that there was no
26 supply problem, and I am sorry that I was not clear.

27 I think that what I intended to say, and
28 hopefully did say, is that I didn't attribute the blackouts

1 to a dearth of supply or inadequacy of supply; they were due
2 to a market failure, a market manipulation or abuse.

3 Clearly, we have a supply issue, a supply
4 problem, if you will, here in California.

5 Under traditional regulation, generally speaking,
6 the benchmark for an adequate reserve capacity was in the
7 range of 14 percent, actually in the early '90s, as I recall
8 it went up to 20 and 22 percent, which was excessive
9 certainly, but you never wanted to get down anywhere close
10 to 11 or 10 percent.

11 And at the present time, although it's probably
12 impossible to really measure what the numbers are, we're
13 certainly below what any reasonable number should be. And
14 to the extent that we're exposed to a market, actually the
15 14-percent level may be quite inadequate.

16 There's quite a bit of debate over how much
17 excess capacity you actually need in order to make a market
18 competitive. It may be -- I've heard figures as high as
19 30 percent, and even higher.

20 I don't pass any judgment on any of that.

21 So, yes, we have a generation problem. I
22 certainly don't mean to be associated with saying that there
23 is no such thing, and we need to figure out how we're going
24 to deal with that, which brings me to Chairman Keese's
25 remarks about integrated resource planning.

26 I will take direct issue with his suggestion that
27 we get rid of the term and, I guess, the concept.

28 You know, there are philosophical and maybe

1 religious views of the universe --

2 (Laughter)

3 COMMISSIONER WOOD: -- that everything that happens
4 in the universe affects everything else. And I'm not going
5 to get into metaphysics here, but the simple physics of the
6 electrical system is that everything that happens in a given
7 interconnect does, in fact, affect everything else that is
8 going on in that interconnect, and typically when the people
9 here who have spoken about self-generation and about
10 cogeneration have been specific, for the most part they have
11 not been talking about isolated systems. Those systems are
12 not regulated very much.

13 So what they've been talking about is, for
14 example, self-generation that is interconnected with the
15 grid so that they can use the grid for certain purposes, for
16 backup and for augmentation. And that affects the system.

17 It is integrated.

18 As a physical reality, it is integrated.

19 The problem comes when we start separating the
20 physics from the economics and we say, well, we can have an
21 integrated physical system but we will have a disaggregated
22 economic system.

23 And when we do that on a philosophical, on a
24 faith-based basis --

25 (Laughter)

26 COMMISSIONER WOOD: -- we have faith-based economics,
27 but physical-based electrical system, we run into a conflict
28 and a contradiction, and we have problems which we have been

1 living through for the last couple of years.

2 We need integrated resource planning. What form
3 it takes, to what extent it utilizes regulation, to what
4 extent it utilizes markets and all the other components --
5 that's wide open for debate. But I think, clearly, the goal
6 should be integrated resource planning. We should use that
7 concept, we should flesh it out, we should define what it
8 means.

9 My good friend and predecessor in this office,
10 former Commissioner Vial, has been a pioneer in pushing this
11 concept, and I think he's fleshed that out pretty well, and
12 I think that we would do well to follow in that path.

13 Finally, like everybody else in public office, I
14 like to hear myself talk, but my mother told me a long time
15 that you learn through your ears, not through your mouth,
16 and to me the most valuable part of this session and future
17 sessions will not only be what Commissioner Peevey talked
18 about, which is the Commissioners talking to each other --
19 that's important, and you, as the public, are entitled to
20 hear that -- but just as important or more important is us
21 hearing from you; and we need to find ways to structure this
22 so that you're not stuck with a minute and a half or two
23 minutes and no back and forth and response among members of
24 the public. We need to develop workshop structures so that
25 we can have dialogues that allow the public to participate
26 and interact with each other and with the Commissioners.

27 So I hope that staff that may set up these things
28 in the future tries to work out how we can make that happen.

1 And, having talked too much, I'll now shut up and
2 turn this back over to Director McPeak.

3 STATEMENT OF COMMISSIONER KEESE

4 COMMISSIONER KEESE: May I get one word in here?

5 Bill Keese.

6 Just to clarify, I agree with you.

7 I am afraid that what I'm seeing is disaggregated
8 integrated resource planning.

9 I think we need to get together, and we all have
10 that same goal. I agree with everything I heard you say,
11 Carl.

12 STATEMENT OF DIRECTOR MC PEAK

13 .

14 DIRECTOR MC PEAK: And I -- I was going to, as the --
15 the person charged with winding this up, say I have the
16 greatest respect for my colleague, Director Vial, and when
17 he was Chairman of the Public Utilities Commission, advanced
18 the idea of integrated resource management or integrated
19 resource planning.

20 I was pretty confident that what Commissioner --
21 Chairman Keese was saying was exactly consistent with that,
22 that I saw so much commonality of vision and commitment that
23 there wasn't such a division here. In fact, there's much
24 more of a convergence.

25 On behalf of the California Power Authority I
26 want to thank both the PUC for hosting today and joining us
27 and the California Energy Commission for being a part of
28 this.

1 And I think we were pledged to not take any
2 action but we have all stated our desire to continue to
3 meet.

4 So I think if it is okay with Chairman Keese and
5 Chairman Wood, that we will ask our staffs to take our
6 comments and develop a report and therefore propose a set of
7 actions that can follow on.

8 But I, too, would like to see us continue the
9 meetings on a regular basis.

10 The Energy Commission has offered to host the
11 next one. I hope they will do that and provide coffee.

12 (Laughter)

13 .

14 DIRECTOR MC PEAK: I also hope that everyone here
15 will join us.

16 There's the proposal for workshops that will
17 allow us to make even more public and purposeful the
18 cooperation and consultation that has been going on between
19 the staffs and among the Commissioners, as Commissioner
20 Pernell said, but that if we make also very visible and
21 transparent to the public is going to be reassuring that we
22 are committed to promulgating a policy for the
23 State of California as Jeff Byron of the Silicon Valley
24 Manufacturing Group called upon us to do and many have
25 reinforced here, that can be jointly developed and refined
26 by working with all of you, and by then sharing that with
27 the Governor and the Legislature so that there is, in the
28 very near future, a policy for California that assures

1 energy-supply reliability, quality energy, an adequate
2 reserve, and that infuses in that the ethic that we have all
3 been articulating today which is we're absolutely going to
4 maximize conservation, efficiency, load management, in --
5 with every tool that we can find that is cost-effective,
6 greening the base, greening the peak, understanding that if
7 we are not absolutely committed to protecting the
8 environment, that in the long run we will not survive and
9 not succeed; and that we also are going to be practical
10 about making sure we keep the lights on and that we can have
11 a very prosperous economy.]

12 So those sort of ideals and goals infused with
13 the ethic that has emerged to do it as much in a common
14 sense way as possible is what I think we're about.

15 I am a old farm girl, dairy farm girl. I mean, I
16 resonate with the notion of cow power.

17 (Laughter)

18 .

19 DIRECTOR MC PEAK: I also know manure, and I know
20 when I'm about to step in it. And so, you know, we really
21 are going to try to push the envelope here and continue to
22 do our very best to work on behalf of the public.

23 So, we thank you. We thank the staff once again
24 and thank all of our colleagues for taking the time.

25 And I will say that in talking with our
26 Chairman David Freeman and the PUC Chairman Loretta Lynch, I
27 think that they, too, concur in what we have just discussed
28 here today and would want to encourage us to move forward

1 with regular dialogue, collaboration and meetings.

2 And so if we might, I might consult

3 Chairman Keese and Chairman Wood: Are we ready to jointly

4 adjourn this meeting?

5 We hereby, jointly, thank you and adjourn.

6
7 (Whereupon, at the hour of 12:50 p.m.,
the Joint Commission Meeting then adjourned.)

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